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* Frisch Discusses Implications of Lome IV

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[Interview with Dieter Frisch, Director General for Development in the EC Commission, by Kaye Whiteman]

[Text] You have now taken part in three negotiations at the Lome Convention, twice actually leading the negotiations on the EC side. How do they compare over the 15 years?

The first negotiations were of course a searching for each other. It was really an adventure because we could not know at that time whether we would succeed, whether the group would stick together. The negotiations of Lome 2, 3, 4 were each time an exercise to take stock of what had happened before, what had gone well, what had gone wrong and of course to improve things and take account of new aspects, new problems, which had come up either in the countries themselves or in the international environment. So, taking just the two last negotiations, Lome 3 and 4 in which I was, at the ambassadors' level, Spokesman of the European Community, I would say that the last one was the most difficult, perhaps because of the number of countries which there were on both sides. I must say I spent much more time this time in internal negotiations to get the position of the 12 EC countries together, because you can only speak to the ACPs [African, Caribbean, and Pacific countries] once we have a common position in the 12.

Is this a fact of life or can anything be done about it?

It is not easy to settle—it is very normal that each one of the member countries has at least one problem they are specifically focusing on and as long as 12 countries each have one problem the process can be sometimes slowed down or blocked for a relatively long time... On the ACP side, of course, the group has become very large too - now we have 68, we will be 69 with Namibia moving in. Knowing our problems I understand how difficult it must be for such a large group to get common positions.

What influence does a 10-year convention have?

This is, I think, a major achievement, that we have the longer term framework. It avoids us going through that very hard and heavy negotiation process again every 5 years. It also gives a perspective for our partners and ourselves of a longer term cooperation. It is important for a private investor, who knows now that he is for 10 years in a secured regime as far as trade export possibilities in the Community are concerned. The five years period was just too short for this kind of forecast and in a changing world and with the changing and evolving priorities of the Community...it is a good thing for the ACP partners to have their special and privileged relationship with the community consolidated in a longer-term framework.

Why do you think that the ACP agreed to it in view of earlier unhappiness about longer duration?

Sometimes I think the ACP, at least the ambassadors here, like the negotiations more than we like them. Also, this time we were with a group of ACP ambassadors who were almost all new. For most of them, the Lome 4 negotiation was a completely new experience. For me, it was at least in certain areas, a kind of repetition of things we had just done five years before and this is the reason why the ACPs, in my view, insisted on reviewing the whole convention, even in areas where Lome 3 five years ago had opened completely new areas and new methods of work which had proved to be good and where there was objectively no real need for reviewing things but the ACPs, for their own security, because they want to be really sure they had checked everything again obliged us, in fact, to renegotiate the whole convention.

Like what for example?

I would say, in the field of rural development and food security. There was a perfect chapter in Lome 3: yet, still time was spent reviewing that, pulling in a few additional words or articles but we have not changed fundamentally a chapter which was new and rather complete in Lome 3.

In general though, there appears to be much less criticism from the ACP of the whole convention than in the 1970s.

I think if the ACPs were not satisfied with the whole approach and with the convention, they would not invest so much time and so much interest in renewing this kind of cooperation model... You must differentiate between attitudes which the ACP partners take when they are in negotiations and afterwards. You hear a lot of criticisms until the last moment—until the moment when they find a figure for the volume of finance. You hear a lot of criticism that it's not enough. Once the negotiation is concluded and people have looked at it more serenely, I think everybody must admit that this negotiation and the result which came out of it is very satisfactory.

I did not find these negotiations less demanding. They were very hard negotiations, as hard as they were before... One must understand that the negotiations between the ACP group and the EC is a real negotiation. Some outside observers tend to think that you have this big strong community and poor developing countries...

The "unequal partnership"?

It is still fundamentally unequal, but I must underline the political balance brought into this relationship through the fact that we are contracted, not with individual countries but with a group of 68 countries acting together. It gives the group a political weight with the Community which cannot be under-estimated. It gives them, speaking with one voice, a position which even on small things an individual country would never get through. It is sometimes a problem which interests one

or two countries for a relatively tiny trade problem, but it becomes a common problem and they get it through.

There is a chapter on structural adjustment. Is this not introducing an element of conditionality?

It is a special facility within the new Convention, a special window, so to speak, and it is a specially earmarked financial amount of Ecu1.15bn. It is true that this financial volume will be managed according to different criteria than the normal programmable aid which is allocated from the outset to the different countries that have our five years programming for long-term investment in agriculture, or other infrastructure... The special facility for supporting structural adjustment is in fact money which will be used as balance of payments support through import programmes. Normally, the products imported will be sold in the countries and the counterpart funds built up through their sales will be used in a way that cushions the possible negative effects, mainly in the social area. For the first time in the time in the convention we will be able to give targeted budget support financed from the counterpart funds produced by the import programmes... Now, this money must be given to a country because of the special reform effort which it is doing either macro-economically, or in sector policy. So this implies that the money cannot be given to all 68 countries—they must have a serious reform programme and the realisation of this programme will then be accompanied by financial allocations coming from the structural adjustment fund. So it means we still would not use the term conditionality...but it's true that this money must accompany specific performance in the structure reform process.

Could a country be having problems with the IMF and still benefit from the structural adjustment facility?

What the Convention says very clearly is that any ACP country which undertakes serious and significant structural reform efforts is eligible for the structural reform efforts is eligible for the structural adjustment facility. The Convention also says that the criteria of serious restructuring are normally considered as fulfilled if the country has concluded a structural adjustment programme with the World Bank, the IMF. This is the easy case. But any other country could also present its case to the community, but then it must make a real effort to prove that the efforts it is undertaking are convincing; they must convince us, we must convince the member countries [of the EC] because all these financing proposals, as you know, need the formal advice of our EDF committee. So it would be possible, but it would not be easy. This would be the exceptional case. I would normally encourage a country not to do it the Community way, because the funds available in the Convention alone will never be enough to support a reform process, without others coming in...the money is not enough to do it alone ... What we criticise, and the [ACP] countries criticise, sometimes, is that the Washington institutions approach is very often too stereotyped... It's almost the same recipe which is applied to each country, and you must accept that a basic recipe must be moderated in function of the specific problems of a country. You cannot impose or influence a country to liberalise its general imports if this puts its food security policy seriously in danger, through the reduction of its own agricultural potential. It is not a theoretical problem. We've encountered it in the whole Sahel area. Free trade and open markets are a good thing, but when this basic principle enters into conflict with a basic development objective of the country like food security, we must adapt the structural adjustment recipe to the long term development objectives of the country. This kind of moderation of the basic concept is something we would like to bring in, because we have long experience of the countries. We do not have such sophisticated economists as the World Bank, but sometimes you need just a good dose of common sense to see the problems of a country, to feel the problems, and to see that it can sustain it politically and socially, and no overload it in term of performance conditions...

Is there an increased commitment in the community to regional cooperation in Lome 4?

We have always felt that we have a vocation to help developing countries organise their regional or sub-regional cooperation. All the more when you see Africa, the Caribbean, the Pacific as individual economies. They may not really be able to survive. So they are even more compelled than we are to cooperate in a regional framework...but it is more difficult to operate a regional than a national programme. The countries themselves sometimes may make strong statements about supporting regional cooperation, and when it comes to the money, they prefer to allocate to national programmes and leave the regional ones behind. But it does not mean that we should draw the conclusion that because its more difficult, we should not do it, just as we should not abandon rural development because its more difficult than building roads. If regional cooperation is a necessity we must do it, even [if] it's more difficult.

The projects themselves can misfire, West African Cement Company in Togo was promoted 10 years ago as a model for regional cooperation, and is now on the point of liquidation.

This kind of project has not been very successful. What has been working and should work more in the future has been transport links. The relatively simple links in Eastern Africa such as the Beira Corridor, the Tazara railway, the Northern corridors; in West Africa, the links between coast and the land-locked countries... The more difficult things are, as in Lome 3, organising in the Sahel area practical means to fight desert encroachment. We have food cooperation with the CILSS [the Inter-state Community for the struggle against Drought in the Sahel]...it shows that where you have a well-functioning regional organisation which has strong support from its member countries with a real mandate to talk to organisations like ours, then it works. It works with CILSS, it works in Southern Africa with SADCC [South African

Development Coordination Conference]. The new dimension we have underlined in Lome 4 is to work more on economic and trade integration because investment is important, but it is the easy way. It's perhaps the spectacular way. Take the Beira corridor: one can visit it, it can be inaugurated one day. But in the PTA [Preferential Trade Area] in Eastern Africa, organising trade is a very hard task. It does not cost so much money but it is hard to do, and you cannot show it to people. But we think it needs most of the emphasis now.

Is there not something the EC could do for Ecowas?

I would like to do more with a regional organisation like Ecowas [Economic Community of West African States]. The problem of Western Africa is that there are too many regional organisations, some 30, some competing, some without even sufficient support from their own members. As far as Ecowas is concerned, it's a good concept. Sometimes I wonder whether the number of countries it covers and the diversity of the region, if the monetary problem is perhaps too huge a task. I participated in a brainstorming last year here in Brussels on ideas for relaunching Ecowas. I think you have to find a concrete step-by-step approach to regional cooperation. I don't think we can declare a free trade area, or a common market. The problem is the size of the region; we found it too in the EC - six were relatively easy, but nine, 10 and 12, are more complicated.

Is there not something the EC can do in the present monetary confusion in Ecowas?

Not necessarily. I would hope that structural adjustment in Ghana and Nigeria should lead to a much more healthy solution in terms or currency exchange rate. An economy on a sound footing would have a currency that would be easier to use regionally, even alongside franc zone countries...

On the 1992 internal market in the EC, there have been fears expressed on the ACP side that this is going to create problems for them. Are they justified?

We can certainly assure our partners in the developing world and in particular, our partners in the Lome Convention, that this market will remain open. And I would also see some positive aspects for the weaker countries. The fact that in the future they will have much less administrative and Customs procedures to go through in penetrating this market is an advantage... For certain countries who are accustomed to operate in just one of our 12 markets they could now in the perspective of 1992 devise an export strategy to the EC market as a whole. They just come in through any door they want into the Community.

There are three things that cropped up during the negotiations. Two products, bananas and rum, have a completely compartmentalised situation in the Community market, which has to disappear. We cannot maintain our internal Customs borders because of bananas and rum. Bananas will be difficult but we have given a full commitment to our partners that we will safeguard the interests of the traditional exporters of the ACP group, whatever the future system will be. For rum, clearly, the solution which has been negotiated is an opening of the market, which is a positive element of 1992. For the rum exporters to the Community there is one point which is a difficult one, that within that single market there will be competition, stronger than before.

So the weaker, less competitive countries have to be supported and be to helped to find their way through this new situation to seize the opportunity of this larger market. I always come back to structural adjustment. It will bring the countries to a more competitive situation. I still don't understand why African countries have lost shares of their markets for very traditional commodities even like cocoa and coffee and palm oil. They should become competitive. This is a problem they have begun to face.

In addition to concern at 1992, are there not worries that developments in Eastern Europe may cause a loss of EC interest in developing countries?

Our partners must understand that the Community in Western Europe cannot ignore what happens with their immediate neighbours, and must be available to support the process of liberalisation of the economies and political systems in these countries. This priority is very normal and nobody can criticise us for intending to make every economic and financial effort to help that process. Now, there is no sign for the time being that this is working to the detriment of our effort is the field of development. I would say that the conclusion of the Lome 4 Convention with a financial volume that is very fair - and that this took place in the middle of the East European turbulence, is a proof that we stand firmly by our commitments to cooperate with developing countries.

There is no Ecu which has been taken away, neither from last year's or this year's budget, to be shifted from developing to Eastern countries. What we are doing is either in terms of food supplies which are not financed from food aid but from other funds, or the allocations for the structural aid for East European countries, and I think we can continue that way. The problem of Eastern Europe is where private investment goes. There would be an additional tendency for it to go less to developing countries. I would add one thing, and this is not for the Community, it is for the Western World at large. Why could not the Western World use a small part of the savings which are taking place in armaments and defence budgets to dedicate this money to constructive and positive measures of restructuring in the same countries towards which people had to use their defensive powers. The US Defense Secretary, I read in a serious newspaper, has declared that he expects saving in his budget between 1992 and 1994 of $108bn a year...If you compare that with the overall official development aid figure in the Western World in the OECD [Organization for Economic Cooperation and Development] statistics, it is

$45bn a year. These two figures have nothing to do with each other, but it gives you an idea of the proportions involved. I do not see why the effort in Eastern Europe couldn't be financed through a small part of the saving in the defence expenditure.

There are other aspects: I was in West Africa recently and there is a lot of thinking about the political repercussion of these phenomena on African countries. I heard even heads of state ask me whether the new developments in Eastern Europe, with multiparty systems and democracies on the Western model, can mean that western countries will from now on ask the same thing from their partners in Africa. Of course it will raise, and the populations in the countries will raise, the problem of their participation in political discussion...It will certainly lead to more participation, to more dialogue between different groups of the population. It can lead to an African way to democracy. I would say that most of the countries presently could not easily introduce a multi-party system. In most, this would probably mean falling back on ethnically-based parties, which is not a factor for integration in young countries. But certainly a new thinking is taking place of African ways of more participation, more democracy.

In term of development this brings us to a new item in the Lome 4 Convention - decentralised cooperation. In fact, it's the same thing as participatory development, which means that you have the people from the base participating in what is done; that *they* express what their needs are, that you do what *they* want, that you don't do development from the top, you do it from the base. This is approaching democracy practically.

* USSR Training Programs Change Orientation

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[Article by Charles Quist Adade, in Leningrad: "A Change of Course"]

[Text] Perestroika—President Mikhail Gorbachev's policy of restructuring and renovating the Soviet socialist system—has reached the education institutions, and the 13,000 or so African students studying in the country have begun to reap the fruits.

As part of the reforms, educational curricula are being overhauled to do away with 'irrelevant' subjects, the concept of free education for foreign students is being reconsidered and the ideological sobriety and pragmatism that came with *perestroika* has brought a shift from the past emphasis on "upbringing of an all-round political scholar to deeper professional training".

Soviet education authorities say the emphasis will now be on quality rather than quantity and they plan substantial cuts in the intake of foreign students. Preference is to be given to students who can afford to pay their tuition in hard currency.

In addition, a new system of awarding degrees akin to what obtains in most other countries has been introduced for foreign students. First degrees (Bachelor of Science [B.Sc.] and Bachelor of Arts [B.A.] are to be awarded after students successfully complete the first three years of their studies. At the end of this six-year programme, students will be awarded Master of Science (M.Sc.) and Master of Arts (M.A.) diplomas.

This will remove discrepancies in the old system which combined the first and second degrees. Many countries have refused to recognise Soviet diplomas partly because of this, and also because of ideological bias.

During the pre-independence era African students travelled as a matter of course to the colonial metropolises of London, Bonn, Brussels or Paris for higher education, but today, thanks to the emergence of the socialist community, the picture has changed.

After African independence the Soviet Union, as the leader of the Socialist Bloc, and as staunch supporter of national liberation movements in the developing world, undertook to help train the future "cadres of the emergent African states: in order to help them stimulate and revive their economies and cultures, to combat illiteracy and neocolonialist expansion".

Currently over 30,000 students from 130 Third World countries are studying in the USSR on five- to-six year courses in some 150 specialised professions. Estimates put the number of African students pursuing higher education under various forms of Soviet scholarship to about 13,000, nearly 10 percent of the foreign student population.

By 1985, the Soviet Union had trained 52,000 Third World specialists. For the same period 5,000 African engineers and technicians had received training in the Soviet institutions of higher learning and specialised secondary schools.

Interest in Soviet scholarships has, for the past decade or so, increased throughout the developing world. This can be judged from the growing number of Third World students who scramble for Soviet scholarships each year. This interest has further been bolstered by economic crises in Africa, Asian and Latin American countries, which has affected universities most.

What is more, students who would have preferred to study in the West are finding it increasingly difficult to do so due to prohibitive tuition fees and the tightening of immigration laws in a number of Western countries. Some Third World governments also prefer to train their specialists in Moscow for economic reasons. The indications are therefore that more and more Third World personnel will be trained in the Soviet Union in the years to come.

At the Patrice Lumumba People's Friendship University alone, there are over 35,000 Third World students. The

Lumumba University was founded in 1960 for the express purpose of training Third World students.

A great number of products of Soviet universities have become prominent in government, science, industry and culture in their countries. By conservative estimates, the list of graduates includes 10 ministers, 15 directors of major enterprises, 5 rectors of universities or colleges and 20 rectors and deans in various Third World countries. In Africa, prominent among Soviet-trained graduates is the head of the Angolan government, President dos Santos.

The greatest majority of African students, like their counterparts from Asia and Latin America, study under inter-government cultural and scientific cooperation agreements. Some are admitted into Soviet institutions of learning on the basis of Soviet grants awarded to the Council and Natural Economic Assistance (CMEA), the United Nations, Unesco and other international organisation such as the Afro-Asian Solidarity Committee, the Soviet Women's Committee, the All-Union Central Council of Trade Unions and the Union of Soviet Societies for Friendship and Cultural Relations with Foreign Countries.

The Soviet Union spends something close to 65m roubles on the 13,000 students alone. This covers tuition, monthly allowances (100 roubles for five to six years), warm winter clothing and tickets for students returning home on graduation. According to a Novosti Press Agency booklet on foreign students in the USSR, the cost of education in is very high and "differs little from the cost of education in Western countries".

Soviet propagandists and ideologists say that unlike those offered by Western countries, Soviet scholarships are "absolutely free with no strings attached". They take pains to explain that those scholarships are Soviet "internationalist assistance to help the young independent states train their own qualified workers, technicians, engineers, doctors etc, and to share its experiences in creating and developing a socialist culture as a way to securing genuine independence", but there is a school of thought in student circles that their governments pay for their education in one way or another.

A booklet, *The Plain-Spoken Facts,* put out by Progress Publishers recently argues that Soviet assistance to the Third World has never been without interests. Answering a reader's question as to what guarantees there are that "after helping the developing countries in training their cadres in building their national economies and overcoming their backwardness, they will not break off relations with us and go over into the camp of our enemies", the author said, *interalia:* "There are political benefits to be reaped from Soviet assistance". Although the authors fell short of explaining what political benefits there are, the fact that Soviet scholarships are also ideological investments cannot be ruled out.

It has been suggested elsewhere that since the best form of education is the one which the student receives in his or her own environment, it would be better for the Soviet Union to help Third World countries build their own educational infrastructure and equip existing ones. But it appears cheaper in hard currency terms and ideologically advantageous to bring students from the 'backward' emergent states "to acquaint them with the best socialism has produced".

"We do not try to force our way of life upon them (foreign students), but we teach them to respect other people's way of life and support peace and friendship among all peoples of earth", Dimitri Bilibin, professor at the Patrice Lumumba Friendship University says.

But the tone of lectures, seminars, etc points to subtle, if not overt, attempts at indoctrination. Until Mikhail Gorbachev's *perestroika* and *glasnost* the Cold War view of the world permeated almost every classroom discussion. While the virtues of socialism were sung other systems, like African socialism, were either frowned upon or dismissed as 'deviationist or revisionist'. Capitalism was presented as a monster, dangerous to the developing world.

Students were liberally introduced to the political economy and geography of the USSR. They were told that the Soviet Union ranks first in the world in countless areas of life, science, industry etc. Many such 'revelations' incite obvious admiration for the Soviet Union and the socialist system among a number of Third World students.

But attempts at indoctrination have not always been successful. In many cases the theories students hear in the lecture theatres do not tally with what they see in practical life. While they are lectured about international friendship and brotherhood, black students leave their lecture halls to meet racial slurs like *obeziana* (monkey), *Spid* (AIDS) etc, on the streets. As a result, some students leave the USSR nursing anti-Communist feelings.

Educational institutions and curricula are heavily oriented towards ideology and politics. Even medical students are required to master thoroughly a number of subjects not related to their field "in order to become all-round, complete scholar". Thus in addition to their mandatory subjects, courses in Marxism-Leninism, history of the communist Party, atheism, Russian language and literature must be mastered.

For some time now Third World students have complained bitterly about the quality of education they receive in the Soviet Union. Most see Soviet education as one big disorientation, Euro-centrist and Russian-biased.

Constant student complaints and *perestroika* have compelled education authorities to remove a number of irrelevant subjects from the curricula. New ones are being introduced and lecture hours for others being cut.

Ideological education, however, is to be intensified. A document setting out the main direction of the new

educational reform programme currently going on throughout the country stresses the need for a reinforcement of Marxist-Leninist education in all education establishments.

But some foreign students do not appear to be bothered by ideological indoctrination. Says Vincent Oatara, a final year Burkina Faso journalism student at the Leningrad State University: "Ideological education is not a problem. In fact, it is not ideological expansionism we should protest against, because it is inescapable anywhere you study. It is how we go back to apply this ideology in our African environment that matters".

And his contemporary, Zoungalo Treaore, a third year Malian economics student of the same university, chips in: "As beggars we have no choice. The help comes in a package with ideological indoctrination. This is true for both East and West". But the crux of the matter is the balance between ideological education and professional training.

Many foreign students here told *West Africa* that they might find it far easier working as Sovietologists than in their field of study on graduation. Until the advent of *glasnost*, students were expected to praise the Soviet Union and socialism as the bulwark of peace and prosperity and criticise Western imperialism for the woes of the world.

Attempts at independent thinking or objectivity were either frowned upon or condemned. In fact, there have been cases where students were openly branded anti-Soviets and anti-Communist because they dared point to some of the shortcomings in the Soviet system. Even in this era of *glasnost* this enemy mentality prevails among a number of lecturers and deans.

The case is told of a West African student who was castigated by his thesis supervisor for having wasted five whole years in the Soviet Union because the conclusion of the student's diploma work did not appear favourable to the Soviet Union. The student is believed to have compared Western and Soviet press coverage of Africa.

While it is not true that Soviet educational establishments, particularly Patrice Lumumba University, are "training centres for Third World communist subversionists and terrorists" as alleged by anti-communist commentators in the West and elsewhere, these establishments pose the danger of churning out professional half-baked, but ideologically thoroughbred, technocrats and bureaucrats.

But *perestroika* has come in the nick of time. Soviet preoccupation in the immediate past of countering Western global imperialist expansionism through cultivating and winning as many ideological friends in the Third World appears to be giving way to ideological pragmatism and rationalism. This may well prove to be a good omen for the teeming Soviet scholarship beneficiaries from the Third World.

* Africa Urged To Adopt New Priorities in 1990's

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[Text] The signs are already there. If the 1980s, according to OAU [Organization of African Unity] Secretary General Salem Ahmed Salem, are a lost decade for Africa, the 1990s promise to be no better.

First, competition on the economic front in the '90s will be so keen that Africa's low technological capacity will put the continent at a big disadvantage. This became clear even from the early 1980s when South Asian technology increased stupendously to give the region a clear advantage over Africa on the world market.

While Africa has remained a producer of primary goods whose prices have been plummeting for years, South Asia has meanwhile risen from the primary goods production level to become a manufacturing giant—India, Hong Kong, Taiwan, Singapore, Malaysia etc are evidence of this, and they are even major exporters to Africa.

Investment Threat

By contrast, investment in Africa's manufacturing sector in the last ten years have been almost nil, and changing the continent's archaic manufacturing capacity will take years. Africa's competitors, meanwhile, will not wait for it to adapt to the changing business trends—and this is where the danger lies.

Even if Africa is to make a leap from primary to secondary goods production in the '90s, it will increasingly depend on foreign assistance to do so, which might not easily be forthcoming in view of the predicted switch of the bulk of Western aid to serve the needs of Eastern Europe.

Nigel Twose, London Director of the Panos Institute, says he has "clear off-the-record indications from a number of European governments that eastern European economic reform will be at the expense of aid to Africa and the rest of the Third World".

Some European newspapers are even saying it openly. The Financial Times (FT) of London made it plain on 22 November that "Eastern Europe's needs which strike a particularly sympathetic chord in the West are virtually certain to take precedence over Africa's."

Already European economic analysts are preparing the ground for just this eventuality by increasingly pointing to Africa's failure at managing previous Western aid. At the moment there are fears even in liberal Western circles that this would be used as an excuse by Western governments to cut aid to Africa.

Says the FT: "There is a strong case that aid flows to Africa have been inadequate, and that not enough has been done to ease the continent's debt burden. But the question also arises whether Africa's leaders have made effective use of the help that has been available.

"The record suggests that many of them, presiding over authoritarian political systems as they do, are incapable of implementing economic reforms honestly.... For donors to link aid to remedying these shortcomings might be condemned as infringing sovereignty and would certainly raise questions of practicality. But the issue should not be evaded."

The Times (of London) adds: "Africa is sometimes described as a continent dying of aid, of which it has received more per head than any other region and to far less effect.... Africa will nonetheless need more aid if it is to achieve eventual self-reliance. It is vital now to ensure that [the aid] is not wasted in future. Other equally poor regions have made better use of less assistance, and have performed far better, despite similar handicaps. The true problem is that Africa has not learned to compete."

It's true. Even the World Bank (a known apologist for African structural reforms) reported in November that half of all its rural development programmes in Africa has failed. "Overall Africans are almost as poor today as they were 30 years ago," the Bank adds.

Both donors and African governments are to blame. Says The Times: "For a full generation, the international community has maintained an official silence about the contribution of political misrule to [Africa's] economic crisis.... There is much scope for criticising the policies of donor governments and lending institutions, including the World Bank.... It is clear that unpopular economic reforms are unlikely to be sustained without political renewal. Western governments who hold this to be axiomatic for Eastern Europe should give this new emphasis their full support. It is time to take the side of Africa's people against the venality, or worse, of their governments."

Pressure on Governments

With the ferment in Eastern Europe and the political reforms that are just beginning to take root there, the West is bound to demand no less from African governments, and the tougher stance will be in Africans' interest in the long term.

Already political commentators and opinion leaders in the West have started the debate, and the recent sudden focusing on Africa's mismanagement of not only Western aid but its own economy (a subject hitherto shunned by the West because of colonial guilt) proves that Western governments are considering linking political reforms to aid in Africa.

Should Africa ignore the warning signs, it would give the West a perfect excuse to re-route the bulk of its aid to Eastern Europe, which will happen anyway regardless of Africa's reaction. Witness the recent EEC vote of $4bn to support Poland's economic reforms, and the January announcement of a further $1bn by the West to help

Poland transform its inconvertible currency to convertible. And this is only the beginning.

For political reasons, more of such aid will flow in the '90s from the West to the East, if only to prove the point that communism has failed and capitalism works. Besides the fact that the West would want to look after its own first (remember the "Common European Home"), Western governments might also want to keep Eastern Europe from slipping back into bankrupt Stalinism and economic rigidity, by giving the East generous aid.

Some opinion leaders are even suggesting a Marshall Plan for communist (reformed) Europe. If this should happen, it would obviously be at the expense of aid to Africa and the Third World.

It is very difficult to detail how much Western aid goes to Africa but the truth is that the West hasn't got an inexhaustible supply of aid. Thus the more it concentrates its help on Eastern Europe, the less aid it will have to give to Africa. Until now, communism had alienated Eastern Europe from mainstream Western aid; the West thus had more to go round the Third World.

Fortress Europe

All this is going to change in the 1990s, especially after 1992 when the EEC harmonises trade, immigration and other rules among member states. Some experts are predicting a Fortress Europe with which outsiders would find it far more difficult to do business than today.

Debt Forgiveness

Perhaps for the sake of morality, and to avoid being accused of re-building Eastern Europe on the ruins of the Third World, the West would resort more and more to Third World debt forgiveness as a sop to global, and particularly Third World, opinion.

This December, the West German government announced the cancellation of loan arrears worth $248m owed it by Zambia. At the same time the Germans also cancelled a Dm55m ($32.5m) debt owed by Guinea. In early 1989, the French government similarly wrote off the debt of a number of African countries which ran into millions of dollars.

This pattern of debt forgiveness is set to increase in the new decade as a counter to the predicted restriction of new credit to Africa and the rest of the Third World.

Another major source of concern to Africa in the '90s will be the diversion of new investment from Africa to Eastern Europe and elsewhere by Western investors. The battered economies of Eastern Europe provide a more conducive investment climate than in Africa. Eastern Europe is more accessible than Africa.

Though communication technology there is still archaic, it is far easier to speak to a business partner in Poland, Czechoslovakia, East Germany, Romania and Bulgaria than to a partner in Africa. A recent study found that fewer than 20 percent of attempted telephone calls from Europe to Africa get through.

At the moment the political situation in Eastern Europe is still fluid—nothing is certain yet—but once the demonstrations had died away, the shooting had stopped, the Berlin Wall had been knocked down (as promised on New Year's day by the new East German government), and proper democratic institutions had been established on the ruins of communism, a most congenial atmosphere, more conducive to business than that which prevails in Africa currently, would be there for foreign investment. Moreover, repatriation of funds will be far easier from Eastern Europe than from Africa.

As Colleen Lowe Morna quoted Dermot McAleese of Dublin's Trinity College as saying (see AB Jan 1990 p 10), "After Eastern Europe, Latin America and Asia still hold more glitter [for Western investors] than Africa."

What is more disquieting is that the cost of investment in Africa, currently 50 percent higher than South Asia's, is set to increase further in the '90s. Investment costs in Africa rose sharply in the'70s and '80s as infrastructure and institutional constraints became more binding.

Demographic Difficulties

The World Bank explains: "The costs are higher partly because of Africa's particular circumstances. Difficult topography makes road construction and irrigation expensive. Low population densities and widely dispersed settlements (20 persons per square kilometre in Africa compared with 146 in low-income Asia) also add to the costs."

Besides, poor public resource management, bad policies, lack of skilled labour and pointless civil wars which destroy vital communication and rail links also add to the problem.

In addition, Africa's low technological capacity means that any new investor will have to import all the needed machinery from abroad. Transporting the machinery to Africa will substantially increase the overhead costs, not to mention the kickbacks to officials that are so prevalent in Africa today. Official corruption could well increase as African economies continue to shrink.

Poor Infrastructure

Another major disincentive to investment in Africa in the 1990s will be infrastructure deficiencies. Roads are poor, port facilities are ancient and rotting, internal communications are dreadful—letters crawl to their destinations, important mail is stolen, telephones are museum pieces and seldom work, electricity supply is bad, water is worse. All these, unless there is a drastic and swift improvement, will definitely make Africa uncompetitive in the '90s investment-wise.

Africa therefore will have to get its act together in time to survive the stiff competition predicted for the new

decade. And getting its act together will involve the adoption of new measures and the cultivation of a whole new attitude to doing business. The first, right step will be to look back at what has gone wrong and why it has gone wrong.

Since 1960 Africa's share of world trade has fallen from 3 percent to less than 1.5 percent today. At the same time return on investment in Africa, which was about 30 percent in the 1960s, is less than 3 percent today; South Asia's is 22 percent.

Population Explosion

Economic growth in Sub-Saharan Africa, according to a major World Bank report published in November, has averaged 3.4 percent a year since 1961, only a fraction above population growth. "By 1987, this region of 450 million people—more than double the number at independence—had a total Gross Domestic Product (GDP) of around $135bn, about the same as that of Belgium, which has only ten million inhabitants."

Meanwhile Africa's long-term debt has risen 19-fold since 1970. The debt is equal to Africa's Gross National Product (GNP), making the continent the most heavily indebted region in the world. "Latin America's debt is only around 60 percent of GNP," says the World Bank. Africa's is 100 percent of GNP. Its debt service obligations in 1988 were 47 percent of export revenues, yet Africa could pay only half of the debt. Over 100 debt reschedulings have been negotiated since 1988, and still arrears accumulate.

A major contributor to this state of affairs has been the rate of investment in Africa, which in the 1970s was more than 20 percent of GDP, roughly the same as South Asia's. By the 1980s, Africa's investment rate had fallen to 15 percent of GDP while South Asia's had risen to 23 percent.

The Economist of London puts it down to "low productivity [in Africa], smaller crop yields, higher costs and lower rates of capacity utilisation".

But the World Bank thinks the low return on investment in Africa is the main reason for the continent's recent decline. "Africa's investment and operating costs", according to the Bank, "are typically 50 percent to 100 percent above those in South Asia—the most comparable region.

"Weak public sector management has resulted in loss-making public enterprises, poor investment choices, costly and unreliable infrastructure, price distortions and hence inefficient resource allocation.

"Even more fundamental in many countries," the World Bank adds, "is the deteriorating quality of government, epitomised by bureaucratic obstruction, pervasive rent seeking, weak judicial systems, and arbitrary decision-making. All of this adds to the cost of doing business and discourages investors. For the most part, Africa is simply not competitive in an increasingly competitive world."

If Africa is simply not competitive, is there any hope for the continent in the '90s?

Growth From Within

The World Bank thinks yes! "Africa's decline", it says, "can be and must be reversed. But it must happen from within Africa.... Trees, like countries, cannot be made to grow by being pulled upward from the outside; they must grow from within, from their own roots."

This is a fundamental truth which should be item number one on Africa's agenda for the 1990s. Outsiders can give Africa all the aid, but if it mismanages it as in the past, there is no way the continent can stem the economic decline.

On the other hand, reversing the decline from within will involve a re-arrangement of Africa's priorities.

More emphasis will have to be put on sound economic management. And sound economic management will flow from good government untainted by corruption, a government that encourages debate and initiative, which means Africa will have to embark on a massive political reform, the kind that encourages ordinary people to participate in designing and implementing development programmes.

As the World Bank said in its November report: "Within most African countries, policymakers have been reluctant to allow open discussion of economic policy issues. This is a mistake; broad and vigorous debate on what has gone right and what has gone wrong since independence is vital if options are to be understood and consensus achieved about future policy directions. This debate needs to be encouraged in the media, in the universities, and in open workshops. It is a precondition for building a genuine and broadly based commitment to a future development strategy."

Sound economic management also means Africans will have to break with the past and adapt to new trends in a world that will be increasingly competitive and sophisticated.

In the past so-called African businessmen preferred to buy Mercedes Benz cars for Sunday merry-go-rounds instead of ploughing the money back into their businesses to expand them. Africa, which manufactures no Benz cars, is said to have more Benz cars than even some of the affluent regions of the world.

According to the World Bank, Africa (in general) has 7 cars to 1,000 people (Zimbabwe has 30, Cote d'Ivoire 17, Senegal 13) while South Korea has 6, India 2 and Bangladesh 0.3.

While still on sound business practice, Africa, again, will have to do away with the destructive and extremely unhelpful tendency of using government services almost

for free. Witness a Nigeria Airways policy of flying government ministers, their wives, relatives and friends as well as staffers of the airline and their dependents for free.

In mid-1987, Nigeria Airways confirmed that despite a huge N500m debt carried forward from 1986, it still doled out free international tickets to the tune of N26.3m to "promote its image". In the same year, the airline made just N20.9m from ticket sales on its international routes.

Said Bisi Toba, Nigeria Airways' spokesman at the time: "We are a public concern. The fact that we are a national carrier compels us to do certain things the other airlines cannot do. We are committed to many members of the public, especially our friends."

Today, Nigeria Airways, which had a fleet of 27 aircraft ten years ago, has only eight left. In contrast, Ethiopian Airlines, formed in 1946 as a government-owned enterprise, has combined "technical excellence, managerial efficiency, entrepreneurial flair and financial soundness to establish a worldwide reputation", according to the World Bank.

The airline has developed a highly profitable network of international and domestic routes. It is the only African airline operating a regional hub with air links between all corners of Africa. Its African routes account for 25 percent of the airline's revenue.

"Apart from a short period in the late 1970s, political imperatives have not intruded on the selection of senior managers," says the World Bank. "Beyond technical issues, management's primary success has been in maintaining a purely commercial attitude towards its activities. Financial viability has been the dominant criterion for both old and new routes. The management exacts tight financial discipline and requires timely payment from the Ethiopian government either for transporting officials on scheduled flights or for using its aircraft."

The result? Ethiopian Airlines has stayed competitive on all the routes it operates. The airline receives no subsidies from the government but has had a net profit almost every year except 1979, thus winning the confidence of international lenders to finance new aircraft purchases.

This kind of business acumen is what Africa needs for the coming decade.

Another pressing need for the 1990s is regional integration. Though there are 200 regional organisations for co-operation and integration in Africa, intra-regional trade's share of total African trade is just 4 percent, the same as 20 years ago. This is a serious cause for concern, especially in today's world where political and economic trends make regional integration and co-operation all the more imperative.

Recent figures from the World Bank show that for Africa to achieve even a modest recovery by 2010, African economies will have to grow by an average of 4 percent to 5 percent a year. To achieve this result, Africa will have to rely more on intra-regional co-operation, especially when most African economies are too small to achieve economies of scale.

Sadly, progress toward economic integration has been disappointing. Only one trade group, the francophone West African Economic Community (CEAO), has scored some success, reports the World Bank. "Thanks to lower non-tariff barriers, a common convertible currency, a satisfactory compensation mechanism and labour mobility, trade among the members has grown to around 10 percent of their total trade. That contrasts strikingly with the 3 percent for the larger Economic Community of West African States (Ecowas)."

Mineral Investment

Another area worth watching in the 1990s is mineral exploration. Only a fraction of Africa's mineral wealth has been extracted yet. During the last 20 years, Africa's production of the world's ten major minerals has fallen by an average of 2 percent a year. Experts predict that for Africa to increase mineral production by even 5 percent it will require an annual investment of about $1bn in exploration and development, about five times present spending.

And this could be possible only if Africa is prepared to give foreign investors a conducive investment climate. Since 1983, Ghana has done just that, and the result has been a big rise in the country's gold output—from the 1983 figure of 227,000 ounces to an impressive 1,000,000 oz in 1989.

As prices of Africa's primary goods continue to fall (the cocoa price hit a 14-year low this November; it sold for £625 a tonne in London), Africa will have to dig into its mineral wealth in the '90s as a means of diversifying its income base.

Even with agriculture, which accounts for 33 percent of the continent's productivity, emphasis will have to be shifted in the '90s from the traditional cash crops to new areas like horticulture.

Fifteen years ago, Kenya exported almost no flowers; today it is the world's fourth largest exporter of flowers. Horticulture employs 1.8m people during the harvesting period in Kenya. More than 50 varieties of flowers are grown and Kenya's production has risen from a modest 1,500 tonnes (worth an equivalent of $434,000) in 1968 to 365,000t ($54.7m) in 1987.

The World Bank has suggested the Nordic development paradigm as a model for Africa in the '90s—and it is something worth Africa's while to consider.

The Nordic countries were agrarian economies with low income levels in the mid-1800s. But by 1987, the five Nordic countries had an average per capita GDP of $19,670, slightly above those of Japan and the US and 48 percent higher than the EEC average.

This was achieved through various measures: provision of good infrastructure, high-quality administration and training, active private sector participation in production, market discipline, a harmonious partnership between labour and entrepreneurs, high-quality universal education, opening up to trade and technical advances from abroad, and above all, a consistent consensus-seeking among labour, capital and government.

This is a recipe for success, and Africa can have no better example. With the continent's population set to increase to 500m this year and to double that 20 years later, Africa cannot be forever ignored by foreign investors. But they will come only if Africa gives them cause to.

* Challenges of Feeding Africa in 1990 Viewed

34000476A London AFRICA NEWSFILE in English 12 Feb 90 pp 5-6—FOR OFFICIAL USE ONLY

[Text] In the 1980s Africa's agriculture witnessed a number of special problems arising principally from drought and wars, which had adverse effects on food production. And now in 1990 the spectre of food shortage for large parts of the continent is already with us again: northern Ethiopia, Sudan, Mozambique and Angola face severe shortages essentially because of civil strife and are requiring a major international relief operation. Other areas, such as the Sahel countries or Botswana and its surrounding region which are subject to periodic droughts, also face a gloomy agricultural forecast.

Despite this image of food scarcity, Africa's overall growth in 1989 was characterized largely by improvement in the agriculture and food sector which grew by 3.1 percent over the 2.8 percent recorded the previous year. Renewed emphasis on traditional food crops in a number of countries brought an increase in the production of major staples like cassava and other tubers: the output level of cassava last year reached 61 million tons.

Thus, overall agricultural production and total food production have gone up but, at three percent above the estimated output the previous year, even that modest growth is barely enough to keep pace with population growth. While some countries, such as Egypt and Cameroon, have done moderately well in terms of producing what they need to feed their rapidly expanding populations, per capita food production—the key to whether or not Africa can feed itself—for the continent has declined from a 1983 figure of 101 to a 1988 figure of 93. At national level, some countries, including Ethiopia, Zaire, Zambia and Sudan, have stood still at a level which, in any case, was below the continental average: Nigeria, for example, has actually declined on per capita output basis (97 to 94). Indeed, for the thirty years 1960-1990 average food production in sub-Saharan Africa has grown by no more than two percent.

Food shortages in the sub-Saharan region were exceptional in 1960 but now they are widespread and in some cases have become the norm. Between 1965 and 1986 food consumption in the sub-region averaged 2,100 calories per person a day, which was only 85 percent of recommended health requirements. Now, an estimated 100 million of the sub-Saharan population obtain, on average, less than 80 percent of the recommended daily calorie supply, and this is regardless of whether there are special circumstances such as war or drought in the region.

Food security, calculated on the basis that a country produces the equivalent of 110 percent of the required calorie intake as well as all the nation needs to meet emergencies such as droughts, can be achieved in sub-Saharan Africa by the year 2020. According to World Bank projections in its report entitled "Sub-Sahara Africa From Crisis to Sustainable Growth," a long-term target growth rate for agriculture of four percent a year—the minimum needed to achieve food security and to raise per capita incomes—is attainable if from now onwards a sustainable agricultural pattern is maintained and the population only grows from its 1990 figure of 500 million to 1,110 million in 2020. This would require annual expansions of productive capacity and land to about 1.5 percent and 3 percent respectively.

In a number of ways the African conditions are unique: the continent is vast, with agriculture accounting, on average, for one-third of GDP [gross domestic product] of the work force and 40 percent of its exports. It has a relatively sparse population and very rich agricultural areas but rainfall is often erratic so that large areas as the Sahel are regularly subject to drought. Moreover, a huge middle-belt of the continent is subject to tsetse fly (18 percent of sub-Saharan Africa is affected by tsetse fly, according to FAO). Thus the livestock sector, too, cannot contribute its potential. Although it is estimated that the total continental herd now numbers in excess of 177 million cattle, meat and dairy production does not reflect such numbers. This is because yields—carcass weight and milk—are low, cattle are constantly moved by their nomadic owners in search of pasture and traditional attitudes to cattle as wealth still persist to the detriment of sound farming practices. There are exceptions and, for example, Mali has been remarkably successful with its programme of commercialisation of cattle so that this now accounts for 41 percent of exports.

Generally, the agricultural sector remains, despite emphasis upon achieving food self-sufficiency in various national development plans, grossly undermechanised. The poor production method continues as part of a vicious circle since agricultural profits are insufficient to finance the costly inputs necessary to increase output. As a result there is a low use of fertilisers—far lower than in Latin America or Asia and equivalent to only three percent of its use in Europe. Similarly, Africa only uses four percent equivalent of the tractors that Europe does and that is even after increasing the numbers in use by 22 percent over the last decade.

The sector suffers from lack of support services, inappropriate use of resources, lack of foreign exchange for

maintenance and spares or the purchase of necessary fuels, the failure of farmers (depressed by these other problems) to repay credit. The problems are deep-ingrained: poor soils, erosion and over-grazing (on present evidence between 80 and 90 percent of Africa's rangelands and 80 percent of cropped land may suffer from soil erosion as a result of over-grazing or over-cultivation). Other difficulties are a political-social mixture that works against efficient agriculture: the population growth, maldistribution of population and over-taxation. In addition, Africa's agriculture generally requires far greater inputs of technology, alongside better rural infrastructure to enable peasants to market what they produce. At present about three million hectares of land in the continent is irrigated for agricultural purpose; another 20 million hectares is suitable for similar irrigation but awaits the technology and the finances.

Even such solutions often turn out to be the source of new problems. The only three percent of Africa's arable land that is irrigated and some of the river basin irrigation projects have been near disastrous in their results. They have led to increased soil salinity, displaced communities who had been food productive and destroyed what previously had been balanced agricultural systems, destroyed fishing grounds and spread bilharzia with the net result that gains have been more than offset by losses.

Prescriptions for remedies are of course not in short supply. These have manifested in a number of back-to-the-land policies. Operation Feed the Nation in Nigeria, for example. Though these have demonstrated a political awareness of the nature of the problem, they have, on the whole, not had much impact not least because after initial publicity the politicians lost interest in them and turn their attention to other more immediately rewarding activities. Thus, despite the accepted wisdom about the role of agriculture in African economies, the sector is simply not given the serious attention it deserves. Its food producing role has been taken for granted and only the sector's capacity to generate foreign exchange (by the production of cash crops for export) has been encouraged or cossetted by governments.

There is urgent need for better research, appropriate training for agricultural students and far more comprehensive extension services Most of these requirements in fact, are well enough known. In most sub-Sahara African countries agriculture provides 30-60 percent GDP and 60-90 percent employment. It does not, remotely, receive a commensurate degree of investment. Moreover, the food producing sector (as opposed to cash crops) is still taken far too much for granted. Self-sufficiency in Africa, to be meaningful, must aim to eliminate food imports and so save vital foreign exchange for other purposes. This need not be done at the expense of food commodities for export. What is needed is better sense of balance than so far has been achieved. If as much political effort went into supporting and encouraging food production as has been put into the encouragement of cash crops for export the picture might at last begin to change. The problem, essentially, is one of political priority and above all one that accords to small farmers their true worth in the overall political system. The private sector, too, must be allowed to play its full role in the supply of inputs and the marketing of the output.

Cameroon

* Biya Stresses Agriculture, Organization, Aid

34000403 London WEST AFRICA in English 5-11 Feb 90 p 172—FOR OFFICIAL USE ONLY

[Article by Chris Simpson: "President Biya's Message for the 1990s—Potential for Progress"]

[Text] "Better days are ahead of us", President Paul Biya promised his fellow Cameroonians at the end of his New Year broadcast. But Biya's optimistic prognosis was preceded by a long, sombre review of the problems which Cameroon must overcome if it wants to make real progress in the 1990s. The President stressed that the potential for positive change was clearly there, but only if a huge collective effort was made by all Cameroonians.

Biya's address dwelt at length on Cameroon's current economic situation. Pointing to the 11 percent loss in GDP [gross domestic product] in the last two years, the 40 percent drop in public investments during the same period, and the disappointing performance of Cameroonian exports, Biya warned that Cameroon "has experienced a very sharp downturn in its overall economic activity". He attributed the decline in Cameroon's fortunes to the effects of the world economic crisis, highlighting the vulnerability of Cameroon's main commodities, such as cocoa and coffee, in the face of international market shifts, and the problems created by reference currencies registering a high depreciation against the CFA [African Financial Community] franc. But there were also harsh words for Cameroonians seen as contributing to the current malaise, particularly those who engaged in tax evasion, Customs fraud, corruption and capital flight.

Biya made clear the rationale behind Cameroon's adoption of an IMF structural adjustment programme (SAP). With the Cameroonian banking sector still recovering from a serious liquidity problem, and both indigenous and foreign enterprises needing incentives to expand, there was an obvious need for "a more rational organisation of the human, financial resources, which constitute the real bed-rock of efficiency". Moves are now being made to revive the large-scale state corporations and other institutions, while a 'Social Dimension of Adjustment' programme has been set up to "alleviate the effects of stabilisation".

Biya outlined the need for a more attractive investment code and greater flexibility on taxation if Cameroon was to attract foreign finance. He cited the creation of a free zone in Douala as a positive way of increasing the country's foreign currency earnings while also creating new employment opportunities.

With the Industrial and Commercial Credit Bank taking over from the Aid and Loan Guarantee Fund for Small and Medium-sized Enterprise (FOGAPE), small and medium-sized enterprises should contribute more to the key sectors of development in Cameroon. Whatever happens on the industrial front, however, Cameroon remains "an essentially agricultural country" in the eyes of its head of state. Biya would seem to accept that, short of lobbying international organisations in cooperation with other developing countries, there is little that Cameroon can do to protect the prices of its basic commodities. But he emphasised that by producing better quality goods, increasing production and selling cheaper, Cameroon could exploit its natural resources more effectively. Biya noted, however, that the government had had to cut prices paid to farmers pending a more favourable economic climate. He also hinted that more and more Cameroonians would be assigned roles in agriculture, possibly having to "reconvert" and give up more prestigious jobs to help tackle the manpower crisis in the agricultural sector.

President Biya claimed that as "the bread-basket of Central Africa", Cameroon should be exporting more food to its neighbours. He also stressed the potential market which a liberated Eastern Europe could offer to Cameroonian products, although his enthusiasm for the recent changes in that region was tempered by an anxiety about the repercussions for Africa in terms of shifts in aid policy. While noting the assistance made available to Cameroon by the World Bank, the African Development Bank, the Islamic Development Bank, the EC and West Germany amongst others, Biya warned that although the assistance was "appreciable", it was "still not sufficient to meet our present needs".

Chad

* Access to Credit Way To Encourage Growth

90EF0238A Paris JEUNE AFRIQUE in French 8 Jan 90 pp 52-53—FOR OFFICIAL USE ONLY

[Article by M'Hamed Chettali: "Chad: Credits for the Enterprises"]

[Text] The modern sector in Chad is virtually nonexistent and the majority of the companies have financial difficulties. About 30 large enterprises, virtually completely public, constitute the main part of this sector and manufacture products for domestic consumption such as beer and sparkling drinks, oil, cigarettes, textiles, and loincloths. The unofficial sector, that is to say, cottage industries and the minor professions, is also lethargic, even though it should normally be dynamic under the country's current conditions of development.

The main obstacles to the development of a productive sector in Chad are the narrowness of the domestic market and the weakness of purchasing power, high transportation and energy costs, fraudulent imports from neighboring countries, the real lack of qualified personnel, the overall framework of incentives that is not very encouraging, and the difficulties in obtaining credit.

The Investment Code, adopted in 1987, constitutes a timid attempt at encouragement for enterprises, which

nevertheless remain handicapped by, among other things, a rigid labor code and heavy domestic taxes. It is the small- and medium-size enterprises [PME] especially that encounter the most serious difficulties in getting started and in remaining alive. The regulations themselves are biased against them: as a matter of fact, they have to pay heavy taxes on imported raw materials while large enterprises are exempt. In addition, the latter also enjoy very strong and effective protection for their manufactured products. To the extent that the unofficial sector uses very expensive raw materials because of overprotection by tariffs, it often finds itself unable to compete with imported products.

On the other hand, under party pressure the enterprises are faced with a very heavy, sometimes meticulous system of taxation, and with a constantly evolving international and domestic environment—all changes that cannot always be reflected in their sale prices. Moreover, they do not have the option to sell directly to the consumers.

Technical assistance to the enterprises is limited. The Chad Industrial Promotion Office [OPIT] operates like a department of the Ministry of Industrial Affairs, without any financial or managerial autonomy, so that its contribution to the development of the private sector remains weak, especially with regard to the identification of financially suportable projects. On the other hand, VITA (Volunteers in Technical Assistance), a branch of the American NGO [nongovernmental organizations], has experienced some success in granting credits to microprojects and for the concomitant advancement of professional training.

The World Bank looks favorably upon an expansion of the activities of VITA and wants to entrust it with the management of a line of credit in aid of microprojects on the condition that this organization is able to operate like a private bank.

This is a stumblingblock for the conclusion of an agreement with the government of Chad, which cannot grant a favorable NGO statute to VITA and allow it to demand interest rates of 12 to 14 percent when the annual rate of inflation is barely five percent.

The financial sector in Chad, still at an embryonic stage, addresses itself primarily to large enterprises of the modern sector. Nearly all the credits granted are short term, and half of them go exclusively to COTONCHAD [Chad Cotton Company]. Half of the financial resources of the banks, except for the rediscounting with BEAC [Bank of Central African States], an establishment that finances the priority sectors, come from the accounts of about 20 depositors from the public sector and international organizations.

The CCCE [Central Fund for Economic Cooperation] and the EIB [European Investment Bank] tried in vain to make access to credits easier for small- and medium-size enterprises (by setting up two lines of credit in 1985 with a total amount of 1.5 billion CFA [African Financial community] francs [30 million French francs]). Only a few large enterprises, for example, the Chad Textile Company and the Chad Sparkling Drinks Company, were able to obtain financing. This failure can be explained by the required condition of providing guarantees. In addition, a committee, made up of officials, was in charge of evaluating the credit requests, so that the two private banks were not able to develop their own management capacity. Only VITA succeeded in granting about 120 loans over a period of four and a half years, but at high operating costs.

At the request of the Chadian Government, the ADB [African Development Bank] is trying to revive the BDT (Chad Development Bank), which functioned more or less well before the events of 1979-1982. The other sponsors are allergic to development banks and are careful not to provide any kind of support. On the contrary, they prefer other ways to support the development of a credit system better adapted to local conditions. In the meantime, the PME's are suffocating for lack of liquid assets and are paying usurous interest rates.

Thus, we have no choice but to note that, aside from a discussion on the validity of a development bank given that this experiment has been a negative one in most countries, it is essential to the development of Chad that the financial sector be revitalized by making access to credit easier for small- and medium-size enterprises as well as for independent workers in nonstructured activities.

The private sector itself could make a contribution by setting up a guarantee fund for loans to PME's and by developing collective guarantees. The employers in Chad are said to be willing to take on this role on the condition that the basic framework is appropriate. As a matter of fact, if the Consular Chamber were to represent the employers, and it was not managed by officials, it would be possible for such initiatives to establish guarantee funds to see the light. Unfortunately, there is currently a confidence crisis between the administration and the private sector, a crisis that would need to be resolved if the new initiatives are to have a chance to succeed.

Instead of setting up heavy structures, Chad could opt for the establishment of support funds for target categories of the population, according to eligibility criteria and accompanied with specific credit conditions.

Then each target category could become organized to provide the necessary guarantees and ensure the reimbursement of the debts.

The Chadian Government does not have its own resources to establish such development funds. It is compelled to solicit sponsors who have their own methods and convictions.

And yet, Chad should be in a position to use its reserves with the French Treasury Department to this effect. It is indeed paradoxical that the poorest countries in the

franc zone, specifically Chad and the Central African Republic, are the ones who make up the deficit of the other countries of the Monetary Union.

Equatorial Guinea

* President Addresses Business Sector on Economy

90EF0292A Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 16 Feb 90 p 487 —FOR OFFICIAL USE ONLY

[Article: "President's Appeal to Business Community"]

[Text] On 8 February, President Obiang Nguema Mbasogo issued an appeal to businesses established in his country for a greater contribution to the recovery of the national economy. Mr. Mbasogo, who was speaking to business leaders for the first time since his re-election last June, drew a particularly grim picture of his country's economy, one characterized by a worsening foreign debt and a regular increase in the cost of living.

The object of the president's remarks was to respond to criticisms from the private sector in the wake of the 50-percent wage increases decreed in January. Far from reversing this decision, President Obiang Nguema Mbasogo took businessmen to task for deriving benefit from the import of manufactured products and neglecting opportunities to export Equatorial Guinean products.

Furthermore, on 10 February, the president of Equatorial Guinea left Malabo to go to Bata, the country's second-largest city, as part of a campaign to make the population more aware of his economic policy. Faced with the enactment of new measures, some heads of companies with foreign capital have threatened to leave the country or proceed with major staff lay-offs. Mr. Mbasogo must also cope with the worries of workers in the private sector who are threatened with lay-offs and with dissatisfaction in the public sector, where these same wage increases did not occur.

This awareness tour is taking place in the wake of last December's decision by the International Monetary Fund (IMF) to delay its granting of new funds to the country to allow it to continue its structural adjustment plan. Many economic indicators are in the red: Foreign debt has ballooned and imports have risen while exports of wood, cocoa, and coffee, the country's main [sources of] wealth, have stagnated. In December the international financial agency found that economic and financial clean-up efforts were still inadequate and a new meeting has been set for May. In July 1988, Malabo received a loan of 1.49 billion CFA [African Financial Community] francs from the IMF.

* Financial Cooperation Accord Signed With France

90EF0292B Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 16 Feb 90 pp 487-488 —FOR OFFICIAL USE ONLY

[Article: "415 Million CFA Francs of French Aid"]

[Text] A financial accord worth 415 million CFA [African Financial Community] francs was signed in Malabo on 5 February by the Equatorial Guinean minister of foreign affairs, Mr. Santiago Emene, and the chief of the French foreign aid mission, Mr. Jean-Claude Euxibie. This accord covers the financing of the anti-inflationary efforts affecting Equatorial Guinea's law and order agencies as well as the carrying out of a rural development program in three of the country's on-shore departments: Niefang, Anisok, and Micomeseng. Lastly, France will also help expand the French Language Cultural Institute in Malabo.

* Israeli Forestry Firm Encounters Difficulties

90EF0292C Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 16 Feb 90 p 488 —FOR OFFICIAL USE ONLY

[Article: "Hard Start for the Israeli Firm of Yona International"]

[Text] Yona International, the Israeli forestry firm that last December acquired the Equatorial Guinea Forestry Company (SEMGE), a subsidiary of the French Roussel group, is currently experiencing major difficulties in starting up its work.

Yona International, which is also active in the Ivory Coast and Liberia, was supposed to have made a cash purchase of 200 hectares of forest, whereas SEMGE held only 90 in Equatorial Guinea. Furthermore, getting to these forests is difficult; they are accessible only by ship or river boat.

In addition, it is reported that the Israeli company faces huge debts left behind by the French subsidiary (slightly more than 500 million CFA francs). The extended halt in forestry work in the country's biggest concession has led to a major reduction in wood production, Equatorial Guinea's leading export product. Yona International's difficulties could in the future bring about a definite worsening of the country's balance of trade.

Gabon

* Demand, Production Up in Petroleum Sector

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[Article by H.D.: "The Principal Natural Resources—The Petroleum Sector, Pillar of the Economy"]

[Excerpts] From independence, when it became a petroleum producing country, Gabon experienced profound changes in its economy due to the increasing influence of this sector, until the first petroleum crisis that caused a serious drop in the revenue generated by crude oil sales.

The 1986 petroleum crisis combined with the drop in the value of the dollar led to a violent drop in petroleum

income, which went from 730 billion CFA [African Financial Community] francs in 1985 to 245 billion the following year, which also resulted in a drop in the volume of exports from 8.2 million tons to 7.5 million tons.

Until then the noticeable drop in production that started in 1977 and the declining trend in the price of crude had been compensated for by an increase in the value of the dollar.

In 1985, the official price set by OPEC for the various crudes dropped twice, on 1 January and on 1 August, with Lucina going from $30.50 a barrel to $28.75 and then $28.25, and two more times in 1986, to $22.45 and then on 1 July 1986 to $13.45. The spot prices resulting from the confrontation between supply and demand were below these official prices that were, in fact, abandoned in 1986 in favor of negotiated prices.

Growth of Official Petroleum Prices

(dollars per barrel)

	1988	1989
Mandji	17.32	17.32
Gamba/Ivinga	17.42	17.42
Lucinda	17.77	17.77
Oguendjo	17.50	17.50

General Hydrocarbon Administration

[data for 1985-1987 omitted]

Exploration

Until recent years, petroleum exploration took place primarily offshore, because forest penetration made prospecting the earth difficult.

The 1985 discovery of the Rabi-Kounga field, 25 kilometers into the interior, completely modified the prospects of the country's petroleum sector. It made it possible to renew exploration, specifically on land, which had not been done intensively in the past. Since then, technologies have been improved and there is good hope that new deposits will be discovered.

New petroleum companies, whose parent companies are no longer exclusively French (Elf-Aquitaine) or Dutch (Shell) but of 10 different nationalities, showed interest in the exploration and tried to obtain land permits. Currently, more than 30 companies hold exploration permits either on their own or associated with one another. The granting of these mining titles is done by tender.

The exploration costs of petroleum companies experienced a recovery in 1987 reaching 34.8 billion CFA francs, as against 30.3 billion in 1986, but they remained well below their previous levels, and specifically those in 1985 when they reached approximately 95 billion CFA francs. However, compared to the value of petroleum exports, these expenses have been more significant since 1985 than they were before.

Situation of Research Permits in 1989

Company	Licenses	Holders	Operator	Surface
		(%)		(square kilometers)
Elf-Gabon	Grand-Large(sea)	Elf-Gabon	Elf-Gabon	5,010.00
	C.E.	SNEA		
Elf-Gabon	Ogooue (land)	C.E.		19,772.55
	Banio*	Elf: 60	Elf	288.50
		Chevron: 40		
	Batanga North*	Elf: 50	Elf	10.00
		Ocean: 25		
		Odeco: 25		
	Dianongo*	Elf: 30	Shell	1,881.55
		Shell: 50		
		SNEA: 20		
	Int. No. Basin*	Elf: 25	Elf	484.65
		Chevron: 25		
		Amoco: 25		
		Exxon: 25		
	Int. So. Basin*	Elf: 50	Elf	540.10
		Exxon: 50		
	Mabora LBV*	Elf: 50	Elf	3,370.20
		Exxon: 35		

Situation of Research Permits in 1989 (Continued)

Company	Licenses	Holders	Operator	Surface
		(%)		(square kilometers)
		SNEA: 15		
	Nyembe*	Elf: 50	Elf	3,125.00
		SNEA: 50		
	Omboue	Elf: 50	Elf	512.40
		SNEA: 50		
	Ogooue*	Elf: 100	Elf	3,144.15
	Sette Cama*	Elf: 30	Shell	6,416.00
		Shell: 50		
		SNEA: 20		
Elf-Gabon	Cap-Lopez (sea)	Elf: 50:	Elf	168.00
	C.E.	SNEA: 50		
Elf-Gabon	Eyena Marin	Elf: 51.33	Elf	813.60
	CEPP	Repsol: 25		
		(Spain)		
		SNEA: 18.67		
		Gabon: 5		
Elf-Gabon	Nkomi Marin	Elf: 39.1875	Elf	1,425.50
	CEPP	Odeco: 32.0625(USA)		
		Sun Oil: 23.75(USA)		
		Gabon: 5		
Elf-Gabon	Ndogo Marin	Elf: 60	Elf	603.50
	CEPP	SNEA: 40		
Elf-Gabon	Solo Marin	Elf: 60	Elf	179.10
	CEPP	Odeco: 40		
Agip-Gabon	Tassi Marin	Agip: 100	Agip	692.90
	C.E.	(Italy)		
Agip-Gabon	Mpira Marin	Agip: 66.2/3	Agip	401.50
	CEPP	Sun Oil: 33.1/3		
Arco	Tchibobo Marin	Arco: 45(USA)	Arco	2,779
	CEPP	Triton: 30(USA)		
		Teikokou: 15(Japan)		
		Overseas: 10		
Agip-Gabon	Panga Marin	Agip: 75	Agip	3,057.50
	CEPP	Sun Oil: 25		
British	Nyonie (sea)	British: 40(UK)	British Gas	1,110.00
Gas	CEPP	Pennzoil WA: 30(USA)		
		Wintershall: 20(FRG)		
		Maxus: 10(USA)		
	Idolo Marin	British Gas: 40	British Gas	1,920.29
	CEPP	Norsk Hydro: 20(Norway)		
		Wintershall: 20		
		Maxus: 20		
	Massange (sea)	British Gas: 40	British Gas	2,951.76

Situation of Research Permits in 1989 (Continued)

Company	Licenses	Holders	Operator	Surface
		(%)		(square kilometers)
	CEPP	Lasmo: 25(UK)		
		Pennzoil: 20		
		Norsk Hydro: 15(Norway)		
	Namba (sea)	Brit.Gas: 31.25	British Gas	3,321.83
	CEPP	Wintershall: 25		
		Pennzoil: 25		
		Norsk Hydro:18.25		
	Abanga (land)	British Gas: 75	British Gas	5,073.00
	CEPP	Wintershall: 25		
Conoco	Ndombo (land)	Conoco: 33.33(USA)	Conoco	5,304.00
	CEPP			
		Phillips: 33.33(USA)		
		Esso: 33.33		
	Onango (land)	Conoco: 33.33	Conoco	2,467.00
	CEPP	Phillips: 33.33		
		Idemitsu: 33.33(Japan)		
	Ofoubou (land)	Dupont BV	Conoco	324.00
	CEPP			
Fina Exploration	Alombie (land)	Fina Exp.: 30(Belgium)	Fina Exp.	2,631.00
	CEPP	Total: 25(France)		
		Opic: 25(Japan)		
		Lasmo: 20		
Sun Oil	Oyan Marin	Sun Oil: 35	Sun Oil	1,636.55
	CEPP	Total: 25		
		Hamilton: 20(UK)		
		Yukong: 20(Korea)		
	Makok (land)	Sun Oil: 50	Sun Oil	2,353.00
	CEPP	Kerr MCGEE: 50(USA)		
		(USA)		
Gaborep(USA)	Bigorneau Marin	Gaborep/Kelt: 60	Gaborep	1,290.00
	CEPP	Enterprise Oil: 30(UK)		
		Apache: 10(USA)		
Amerada Hess	Milanga (sea)	Amerada: 50(USA)	Amerada	1,592.00
	CEPP	British Gas: 50		
Total-CFP	Mingoumbi (land)	Total: 100	Total	1,370.00
	CEPP			
OPIC	Ngowe (sea)	Opic: 100	Opic	1,279.10
	CEPP			
Amoco	Inguessi Marine	Amoco: 49	Amoco	
		Wintershall:18.1		
		BP: 14.7		
		Various Gabon:10		
* Field				

Situation of Research Permits in 1989 (Continued)

Company	Licenses	Holders	Operator	Surface
		(%)		(square kilometers)
CEPP: Contract for Exploration and Production Division				
Total Surface: 69,526.21				
Surface of the CEPPs: 43,882.76				
Surface of Establishment Agreement: 25,643.45				
Source: General Hydrocarbon Administration				

Production and Marketing

There are four different qualities of petroleum in Gabon. The most important is Mandji produced by Elf-Gabon at Port-Gentil. Shell-Gabon produces Gamba, on land, near Sette Cama, and Lucina offshore in the area of Mayumba.

Since 1983, Amoco-Gabon has been producing another quality, Oguendjo, in the northern part of the country. These petroleums are characterized by low sulphur content. Rabi is a new quality that will have to be tested by the experts.

Four operators are currently producing petroleum: Elf, Shell, Amoco, and British Gas (which bought up Tenneco in 1988). The production of Gabon had been declining since 1984 and the country's future as a petroleum producing country seemed compromised. Since the early eighties, Shell-Gabon has been looking morosely at the future. Its production depended completely on Gamba-Ivinga and Lucina that were expected to be exhausted by 1995. Hence, Rabi-Kounga came on the scene at the right moment. The field is currently producing 110,000 barrels per day, and soon will reach 120,000 barrels per day. By the end of the year, Shell-Gabon will be employing 831 individuals compared to 525 in 1987.

Over the last three years, the company has experienced significant production losses, but its recovery in terms of cash flow is expected to take place by 1991. Exploration costs have increased significantly in 1988 compared to the previous year (14.5 billion CFA francs in 1988) and this effort is expected to reach nearly 20 billion this year. Small scattered deposits of Rabi-Kounga have already been discovered with substantial investments.

Rabi-Kounga reserves are estimated at 160 million tons of petroleum, 37 percent of which are exploitable, or 439 million barrels, which will ensure production for about 20 years. Production will be divided among Shell-Gabon, which is the operator, for 42.5 percent, Elf-Gabon (29.5 percent), SNEA (Elf-Aquitaine, 13 percent), and the state of Gabon (15 percent).

The costs of developing the deposit, on the order of $500 million, have been covered by two financing methods used by Shell-Gabon and Elf-Gabon, provided by the International Finance Corporation [IFC], the Central Fund for Economic Cooperation [CCCE] and local banks.

Elf-Gabon has also, for the first time, recorded a deficit in 1988 of 36.6 billion CFA francs. Its turnover has dropped by 27 percent due to the significant drop in the price of crude oil and the six-percent drop in the related share of production. However, the company is pursuing its exploration efforts that have reached 12 billion CFA francs, an amount similar to the one for the previous year.

In 1988, Elf-Gabon employed 953 individuals, 733 of whom were Gabonese, whereas in 1983 the company's personnel exceeded 1,300 persons.

Two kinds of contracts tie the companies to the state: establishment agreements at the end of which the companies become owners of the crude oil and pay the state petroleum royalties and taxes on the profits.

Since 1977 there has been a tendency for a new kind of relationship, the contract for exploration and production division (CEPP) to become the rule. The state owns the units and the companies provide the services.

Petroleum royalties amount to 20 percent of the value of the production at official prices, which are higher than the market prices. This rate is only 15 percent for Rabi-Kounga petroleum as a fiscal incentive measure.

The tax on profits made by petroleum companies is 73 percent calculated on the value of the production at tax prices.

Since 1985 the state's income from royalties has declined because of the drop in production and the drop in the foreign exchange rate; it amounted to 40 billion CFA francs in 1988, as against 120 billion in 1985.

The state's petroleum income recovered slightly in 1988 compared to the previous year, primarily because of the increase in tax levied on the companies, which had dropped sharply in 1987. They represented a total income of 74.5 billion CFA francs in 1988. The estimate for 1989 is 80 billion CFA francs thanks to an increase in royalties, and in 1990 they should be at approximately 120 billion CFA francs, specifically due to the increased production.

A member of OPEC since 1973, Gabon is subject to a quota set in 1989 at 166,000 barrels per day, then 175,000 barrels per day starting with the third quarter, but exceeding this volume is tolerated to the extent that this production is marginal in the cartel as a whole. Gabon would like to get a quota increase in order to bring it closer to its current production capacity, which according to the General Hydrocarbon Administration is 300,000 barrels per day.

Crude oil is marketed by the companies themselves. The state's share at the end of the production division is accompanied by a preemptive right granted to the companies, and consequently the state sells to the highest bidder. If the proposed price is satisfactory, the companies market the state's share. If not, the state sells on the basis of open tender.

Budgetary expectations concerning petroleum revenues are based on the 1990 price per barrel of $16.15, up compared to 1988 and 1989.

Hence, the petroleum prospects appear to be better. World demand could develop upwards by two to three percent because of the recovery taking place in the industrial countries and because of the drop in supplies. In addition, production in the North Sea and in Mexico is expected to decline over the next few years. Nevertheless, there is still the threat of a worldwide increase in the supply of petroleum, primarily from petroleum producing countries in the Middle East (where production costs are vastly lower than in the subtropical states of Africa).

Petroleum Production by Grade

(Thousands of tonnes)

	1989 (estimates)
Mandji (Elf-Gabon)	5,211
Gamba/Ivinga (Shell-Gabon)	529
Lucina (Shell-Gabon)	380
Oguendjo (Amoco-Gabon)	644
Mandji (British Gas)	538
Rabi (Shell-Gabon)	3,164
Total	10,465

Source: General Hydrocarbons Administration

[data for 1985-1988 omitted]

Refining and Distribution

The Gabonese Refining Company [SOGARA], established in 1967, runs a refinery at Pointe Clairette that has a treatment capacity of 1.2 million tons per year, exceeding by far the local needs that were estimated in 1988 at 330,000 tons.

Since 1986, SOGARA has done processing for foreign companies. In 1988 it treated 856,000 tons of crude oil, a drop compared to 1987. Its turnover figure has also dropped from one year to the next, going from 24 billion CFA francs to 32 billion. It exports heavy fuel oil to foreign markets.

SOGARA's capital is held by the following: 25 percent by the state of Gabon, 18.75 percent by Elf-Gabon, 18.75 percent by Total, with the remainder divided among Agip, BP, Fina, Mobil, Shell, and Texaco.

Pizo-Shell distributes the majority of products refined by SOGARA, with the remainder of the market being in the hands of Mobil, BP, Fina, Texaco, and Total.

Domestic consumption is decreasing because of the recession in those sectors where the demand for petroleum is the highest, such as the BTP [expansion unknown] and transportation. The products most affected by this decline in demand are asphalt, gasoline and fuel oil.

Diversified Investments Reserve

The Diversified Investments Reserve [PID] is an investment fund established in 1974 and sustained by tax deductible contributions from the petroleum companies equal to a maximum of 2.25 percent of their turnover. This reserve, until now sustained exclusively by Elf-Gabon, has been allocated to projects outside the petroleum sector, which contribute to the country's economic development.

This reserve has led Elf-Gabon and the SNEA since 1974 to participate in the creation and development of activities in various sectors, such as:

- agriculture and agricultural industry: the Haut-Ogooue Sugar Company, truck farming in Port-Gentil [Agripog], the Leconi Water Company;
- the processing industry: the Gabon Cement Company, the Gabon Paints and Laquers Company, the Pizo Lubricants Company, electrical production, the Gabonese Textile Company, barium sulphate production;
- the hotel industry: the Mandji Hotel in Port-Gentil, and the Lambarene Hotel;
- data processing: the Gabon Data Processing Company;
- maritime transportation: the National Maritime Transportation Company.

The total contribution made by PID between 1974 and 1986 amounts to 108 billion CFA francs, of which 18 billion was used for the construction of the "petroleum building," the headquarters of the Ministry of Hydrocarbons.

The choice of projects benefiting from the PID is managed by a committee where the state of Gabon and the petroleum companies are represented equally.

Rwanda

* Power Struggle Said Involved in Deaths

34000471A London NEW AFRICAN in English Feb 90 p 16—FOR OFFICIAL USE ONLY

[Article by Francois Misser: "Death and Intrigue"]

[Text] A number of unexplained deaths including that of Father Silvio Sindambiwe, a well known human rights activist, have added to the atmosphere of repression in Rwanda, where top northern clans are engaged in a bitter struggle for power and the President is seldom seen in public Francois Misser reports.

The political atmosphere is Rwanda becomes increasingly oppressive as the number of unexplained deaths multiples and a struggle for power grips the ruling circles.

On 7 November a Roman Catholic priest, Father Silvio Sindambiwe died along with two passengers when his car was in collision with a lorry. Immediately afterwards different sources, which we cannot reveal without exposing them to danger, told me that the 'accident' was in fact a crime. When I pointed out that allegations of murder needed to be proved, my source said: "There is no evidence when a perfect crime is committed."

Sindambiwe, had been the director of the KINYAMATEKA-HOBE, Catholic weekly from September 1979 to January 1986. He was a courageous journalist. He had exposed corruption among his ranking officials in state corporations. He had also exposed a number of human rights violations in Rwandan prisons. He was still involved in suing the state on these matters at the time of his death.

I met him last October when he told me that he had to resign from his newspaper after being intimidated by members of the state security. On one occasion a government security man had poured a whole bucket of excrement over his head. He resigned from the newspaper, but continued to speak up over injustice in the country including discrimination against southerners and against the Tutsi minority.

In June 1986 he was involved in a motor cycle accident. Several months later he was told that this was his "last warning". Shortly before his death he participated in the 15th World Congress of the International Catholic Press Union which took place in Ruhpolding, West Germany. It was his performance there and his contacts with international journalists and Rwanda political exiles, which upset the Habyarimana regime. In 1988 he wrote a critical book. The government was so worried it sent security agents to West Germany to try and abduct him and the West German police had to give him protection.

In the atmosphere of fear and paranoia that exists in Rwanda most informed observers believe that he was deliberately killed. Other journalists have been warned by the security police that they could be next on the list for assassination.

MP Run Over

Another former employee of the DIALOGUE REVIEW, and a southern member of parliament, Miss Felicula Nyiramutarambirwa also died in a car accident last August. She had been critical of the fact that the roads in the south had been neglected with all aid projects being directed to the north of the country. Her car was actually driving down the Kigali-Gitarama road that she had been complaining about. She stopped becuse a car was driving dangerously behind her, hoping that it would overtake her. Instead the vehicle ran her down.

Behind the sinister assassinations lies a struggle for power among two clans in the north. The Ruhengeri clan is led by the Minister of Foreign Affairs, Casimir Bizimungu and his colleague from Public Works, Joseph Nizirorera. They are opposed by the clan of the president's wife Agathe Kanzinga, Madame la Presidente is so influential that she is called "Konjogera", after a queen mother whose son had a bloody record in the pre-independence era.

Madame Kanzinga's cousin, Elie Sagatwa and the brains behind the clan, Noel Mbonabaryi are in direct conflict with the Ruhengeri clan but both groups want to get rid of the Rwandan number two, Colonel Alois Nsekalije who comes from President Habyarimana's Gisenyi clan.

This situation, which has lasted for years, is now becoming more critical especially since the murder of one of the President's closest followers Colonel Stanislas Mayuya in April 1988. Mayuya was on the point of being appointed assistant chief of staff to Habyarimana when he was assassinated during a military parade. The man he would have replaced, Colonel Stanislas Mayuya was immediately put under house arrest, while three colleagues were jailed for murder.

In this atmosphere of intrigue speculation abounds over the country's future. Habyarimana is said to be the hostage of his wife's clan and the army. He seldom appears in public and a veil of secrecy surrounds him.

Ordinary Rwandans are resigned and apathetic, though fed up with palace intrigue and the forced "umuganda", collective work imposed on them by the ruling party, the National Revolutionary Movement for Development (MRND). People are also worried that the crop failures of 1988/89 might lead to real starvation. Several deaths have already been reported for the first time in decades and the government has asked for food aid. Unsurprisingly the out of favour south is suffering more than the privileged north.

Zaire

* Diplomatic Tension Flares Over Police Incidents

90EF02988A Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 2 Feb 90 pp 337-338—FOR OFFICIAL USE ONLY

[Text] Violent fights broke out during the night of 22-23 January in Brussels between Zairian shopkeepers and Belgian gendarmes, leading to a protest from Zairian Ambassador Kimbulu Moyanso to the Belgian authorities. According to Belgian police authorities, about 100 gendarmes intervened in support of a police patrol that was carrying out identity checks in the Zairian quarter of Brussels.

According to the Belga news agency, a fight broke out when gendarmes struck a Zairian businessman who had fallen to the ground. Zairians broke the windows of several police vehicles, Belga added, but the headquarters of the National Gendarmerie stated on 23 January that only one of its vehicles was damaged. According to people living in the area, tension had been rising for several days in the shopping area of the Porte de Namur section of Brussels, which had become an African market place during the last few years, known by the name of Matonge (from the name of a section of Kinshasa). During the 1960's this section of the upper city, where movie theaters and large taverns stood cheek by jowl, was the favorite meeting place of former residents of the Belgian Congo. The section deteriorated steadily, torn up by development projects and unsuccessful real estate speculation.

Zairian merchants now occupy the shops built 25 years ago, where high-class shops were never successful in business. For the last several weeks both merchants as well as their customers have been subjected to continuing police checks. A shopowner complained: "The police checked the merchants and their customers as often as 10 times a day, which is not good for business." Up to now, these checks reportedly have only covered the resident permits of the individuals concerned.

After these incidents Buketi Bukayi, Zairian secretary of state for foreign affairs, presented a communication on 25 January from the government to the Belgian ambassador in Kinshasa. This official, Zairian communication has not been made public. Andre Onkelinx, the Belgian ambassador to Zaire, stated on his part that he would report to Brussels the official Zairian reaction to these incidents.

In its reporting AZAP, the Zairian press agency, has dwelt at length on the incidents that have taken place in the Matonge area of Brussels. The agency said that the clashes, which took place on two occasions, followed identity checks carried out by the Belgian gendarmerie. These checks were blamed on over zealous police officers. AZAP stated that the Zairian authorities do not wish to make an issue of these incidents. However, they have reportedly asked Belgian leaders to avoid "actions that contrast with the treatment shown to the Belgian colony in Zaire."

In another connection, the Belgian ambassador to Zaire, referring to Belgian-Zairian negotiations, said that he was "pleased with the normalization of relations between Belgium and Zaire." He indicated that the signature of the new, basic agreement between the two countries would depend on the pace of the discussions going on in Brussels. He stated that a Zairian delegation was scheduled to travel to Brussels on 27 January to begin the second part of these negotiations. The ambassador added that these negotiations would then be followed by the arrival in Kinshasa of a Belgian ministerial delegation empowered to sign the new, bilateral agreements between Belgium and Zaire in the spirit of Rabat. In July 1989 the two countries put an end to nine months of bickering by signing in Rabat, under the auspices of King Hassan II, an agreement on Belgian-Zairian cooperation and on the Zairian debt to Belgium.

* Mining Industry Integration To Spur Growth

90EF0298B Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 2 Feb 90 p 338 —FOR OFFICIAL USE ONLY

[Text] The Zairian authorities consider the matter of industrial integration a vital strategy for the economic development of the country and believe that the mining sector can be the appropriate framework for such a strategy. At a seminar held at the end of November 1989 in Kinshasa (the Third Zairian Mining Seminar), the rector of the University of Kinshasa recalled that the areas where mining companies operate are an important market, where there is effective demand both for agricultural foodstuffs as well as for manufactured products.

In his paper on the experience of GECAMINES [General Quarries and Mines Company] Atundu Liongo, deputy director general of the GECAMINES Production Company, stated for his part that as far as GECAMINES was concerned the concept of industrial integration was not a new development. Rather, integration took place in an essentially vertical fashion by creating all of the upstream services essential to copper mining. Consequently, private companies that were not part of the GECAMINES group were shut out. This situation led the Zairian authorities to define a new concept of development, based on a broader form of industrial integration. In particular, this involved a policy more open to subcontracting for the benefit of Zairian small and medium-sized industries. This strategy could be the stimulus for the emergence of a new kind of entrepreneur who invests in mining areas, either alone or in partnership with others.

Kalala, chairman of the Kinsenge Manganese Company's provisional board of directors, reviewed the history of his company and emphasized the need for evaluating national requirements for metals and the

chemical byproducts of the minerals produced by Kinsenge-Manganese to make it possible to identify the most appropriate investments to make. Bokana, president and director general of the Okimo Company, underlined the difficulties of integration because of the distance of the principal, regional economic centers from the mining areas. However, he stated that in the framework of the plan for the rehabilitation of the company such integration was a high priority matter. Executives of the Miba and Sominki Companies also discussed the problems of their respective concerns.

This forum was also the occasion for reviewing the latest developments concerning fraud and violations of mining regulations, applying regulations to mining activity by individual proprietors, the need to liberalize the sale of precious metals and stones, and taxation affecting the mining sector. Reports were also presented by the director of the Banque du Zaire on the financial difficulties resulting from the decline in exports of products coming from mines operated by small proprietors.

All of these presentations made it possible to arrive at a series of specific conclusions concerning:

- The need for economic integration and diversification in the mining sector to prepare for the period after reserves of copper, gold, diamonds, tin, and manganese are exhausted. A proposal was made for the creation of a fund to finance this economic integration and diversification program.
- The need to improve the financial profitability of the mining sector through improved control of mining company costs.
- The need to improve arrangements to supervise gold and diamond mining activities by individual proprietors.
- The need to improve conditions for welcoming industrial investments in Zaire and ensuring their profitability.
- The need to set up a mining research center charged with coordinating information and following up on opportunities for subcontracting specific functions.
- The need to set up mechanisms for cooperation on specific problems.

The interest in and the quality of the various papers presented and the discussions that followed their presentation convinced those participating in the seminar of the value of holding a similar program in 1991. The theme of the Fourth Mining Seminar has already been selected: mining productivity.

Ethiopia

* 1990 Population Estimates Released

90EF0294A Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 16 Feb 90 p 493 —FOR OFFICIAL USE ONLY

[Text] Ethiopia's population, which was estimated at about 32 million in 1974, will exceed 50 million in 1990, according to projections by the Central Statistical Office (CSA).

Basing its estimates on the preliminary results of the first census ever taken in the country—in 1984—the CSA says that the annual rate of population growth averages 2.9 percent. The annual rate is 2.8 percent in the rural areas and four percent in the cities, according to the CSA, which has just published its statistical report for 1986 and its estimates for 1989.

According to those figures, the country had 42.2 million inhabitants in 1984 and 43.4 million in 1985 and will have 50.1 million in 1990, followed by 58.1 million in 1995. The urban population of the 322 towns included in the census by the Ministry of Urban Development and Housing rose from 4.4 million in 1984 to 6.7 million in 1989. The population of the capital, which had 1.5 million inhabitants in 1986, is growing by 60,000 per year and will reach 1.742 million this year.

The most densely populated region is the southern part of Shoa Province (in the central part of the country), with 171 inhabitants per square kilometer, followed by Sidamo Province (in the south) with 127.9 inhabitants per square kilometer. Next in line are southern Wollo (in the central part of the country) and Gojam (in the west), with 115.1 and 113.8 inhabitants per square kilometer, respectively. The regions of Tigre and Eritrea (in the north), ravaged by civil war, have 49.9 and 32.4 inhabitants per square kilometer, respectively. The most sparsely populated areas are the semi-arid regions of Ogaden (southeast) and Assab (northeast), with 4.5 and 6.5 inhabitants per square kilometer, respectively.

Ethiopia covers an area of 1.3 million square kilometers.

Somalia

* Official Doubts Efficacy of Multiparty Group

34000469A London NEW AFRICAN in English Feb 90 p 17—FOR OFFICIAL USE ONLY

[Article by Achim Remde: "Somalia: Suspicion Over Multiparty Democracy"]

[Text] Ismail Jumallah Osobole, a human rights activist, lawyer and former minister was pulled out of jail and made a member of the newly formed commission to prepare for multi-party democracy, in Somalia.

Osobole spoke to NEW AFRICAN in an exclusive interview. He said at first he thought his liberation was a trick by President Siyad Barre to save his ailing regime. This was particularly so as the majority of commission members were the "President's men". But he had second thoughts after an audience with the President who assured him that the commission would be completely independent.

But most independent observers still feel that Siyad has deliberately chosen Osobole, a human rights activist, to give a veneer of credibility to his announced conversion to multi-party democracy.

Deputy Premier, Abdallah Fadil told NEW AFRICAN that he thought the Commission might be hard pressed to make its recommendations by the end of 1990, as scheduled. He is already negotiating with elders from the north of Somalia but they appear to represent nothing but themselves, certainly not the majority of the people who have sympathy with the Somali National Movement. Southern rebels are also suspicious, as are many of the workers of Mogadishu.

All critics resent the way that Siyad's ruling Marehan clan has shamelessly enriched itself at the expense of the people in general, in such things as the disposal of toxic waste, ivory and khat smuggling and the control of the banana trade which is used as a conduit for currency laundering. A residential area in Mogadishu where the President's supporters live in ostentatious luxury is called Boli Garan, meaning—the looting of the ruling class.

Many are so demoralised by the rape of the economy that they ahve turned to Islamic fundamentalism as the only way to revive public morale by the rigorous application of Islamic law. In July 1989 it was the sheikhs who were the leaders of the urban riots which were brutally suppressed by the government.

All Western donors except Italy are gradually withdrawing their experts and closing their aid projects. The United Nations High Commission for Refugees is trying to convince the Ethiopian refugees to go back to Ethiopia offering them lump sums of several hundred dollars each. But Italy, the former colonial power is trying to convince others that there is no political alternative to the Barre regime.

One of Siyad's few sources of support and weapons is Libya. Siyad's son-in-law, General Maslah Mohammed has made a number of visits there. A Western diplomat told NEW AFRICAN that "Barre hopes this will alarm the Americans", who still have a large embassy in Mogadishu and a military base in the port of Berbera. But the US is not impressed. It has never actually used the Berbera base, though it has kept it on hold in case it is forced to abandon the island of Diego Garcia.

But Western diplomats feel that the SNM [Somali National Movement] and the other guerrilla groups are not yet strong enough to topple the government. They feel that a more likely outcome to the growing internal pressures would be a palace coup. To counter this Siyad

has already put close relatives in all key positions in the army. His son Masalah Mohammed Siyad has become army chief of staff, his son-in-law General Morgan has been made deputy defence minister. The Isaq police chief, Ahmed Jama Musa has been replaced by Brigadier Abdi Hassan another presidential son-in-law. But another member of the Marehan clan, General Hashi Gani has fallen from favour and is now deputy minister of Agriculture.

Tanzania

* Former Minister Warns Nyerere on CCM Future

34000476B London NEW AFRICAN in English Feb 90 p 13—FOR OFFICIAL USE ONLY

[Open Letter to CCM Chairman]

[Text] Dear Chairman,

Let's come straight to the point. It is rumoured here that the Chama Cha Mapinduzi (CCM) [Revolutionary Party] will soon be holding a top-level meeting/seminar to consider developments in Europe and evaluate possible repercussions in Africa. Many Tanzanians—the non-establishment Tanzanians, that is—would wish to air their views on the matter, provided the meeting is not one of those closed-door, inner-party, top-secret gatherings in which only the chosen few may participate. The events in Europe naturally excite Tanzanians because they are taking place in socialist countries, under regimes, which, like Tanzania, are one-party states. It is unavoidable that parallels should be drawn.

I conducted in investigation to assess what these Tanzanians think about the events and how they relate them to their own experiences with their "home politics." The finding is most interesting.

Their views in general are that the events in Eastern Europe signify a very important shift away from the old assumptions and certainties, and they also feel that these events provided us with object lessons on how our own societies should be governed, the relationship between the rulers and the ruled, how power should be shared and who should allocate the sharing. And above all they all appreciate the moral force for change based on "people's power."

Almost without exception they all approved of what is taking place, although most of them disapproved of the manner in which the Romanian ex-President Ceausescu was summarily executed.

The lessons to be drawn from these events are that there is an urgent need to change our approach. The one-party system has now proved beyond any doubt that it was instrumental in isolating the leaders from the people, and it left them completely ignorant about the extent of the people's resentment against them, in spite of the widespread network of secret police and informers. What has been attacked by the people in those countries is not the system of social justice (which they value) but the system of government which denied them their legitimate rights in national politics and its economy—a system which also bred corruption, favouritism, inefficiency, top-heavy bureaucracy and, ultimately, one-man rule.

CCM should be thinking seriously about its role as the sole dominant political force in the country. While TANU [Tanganyika African National Union] in the early 1960s was without doubt the dominant political force in the then Tanganyika, the CCM, without being tested in a free election in a competition with other political tendencies, cannot legitimately claim that lofty political status in the eyes of the Tanzanians of the 1990s.

Recent events in Zanzibar, e.g., the sacking of senior members from the party; the arrest and imprisonment of several "dissidents" including the former Chief Minister, Seif Shariff Hamad and several of his colleagues; political demonstrations against the party in both Pemba and Zanzibar islands; religious agitations against the party and damage to its property; and so on, are ample proof of the existence of political trends opposed to the CCM. The same is true on the mainland.

These trends must be allowed legitimate outlets to express themselves, however much one may disagree with them. To attempt to suppress them may prove to be impossible and may even degenerate into the kind of upheavals we are witnessing in Eastern Europe. It is no use branding them the work of "enemies of the people," or "foreign agents obeying His Master's Voice," or similar jejune and undignified claptrap.

We Are Not Traitors

To oppose CCM is not synonymous with being a traitor to one's country. In fact, many a traitor under a one-party system will find it easier to cover up his or her treachery by posing as the most loyal of the loyalist members of the party, in order either to sell the country or to rob its wealth.

Internationally, all indications are that the 1990s will be very taxing years for poor countries, especially in Africa. Poverty in Africa will be intensified as the population approaches the one-billion mark towards the end of the century. (Tanzanians alone will probably exceed the 35 million mark by then, and Dar es Salaam having to bear the brunt of a population of about 2 million, sharing social amenities adequate for only half a million, if that.) Social upheavals will inevitably be harder to contain, especially given the present trend of too much concentration of power in fewer and fewer hands of doubtful competence.

This scenario for the future is of course quite alarming, but it is not alarmist. It is real; and unless serious thought is given to it now, we may live to regret it. To counter the challenges of the 1990s, we need a free people first of

all—freed from the constraints of the party "directives," the pettiness of its very often pompous bureaucrats; freed from the daily surveillance of the secret police and informers who are essential to maintain the one-party system; freed from the economic exploitation accentuated by the workers' and peasants' inability by law to organise independently and struggle for a fairer share of the national wealth. People must be free to organise themselves politically, independent of the ruling party, and free to expose publicly the errors and misuse of power by the party bosses, so as to educate the masses and keep the rulers in check.

If we want to be actors on the world arena, and safeguard our position from becoming permanent victims of others' action, we must first of all rectify our internal constraints and thereby release the vast energies of the people in all fields.

This is the only way in which Tanzanians will be prepared for the 1990s with a resolute determination. In the course of releasing their now subdued energies, they will also free their country.

If the CCM wants to survive as a political party and play its role in future, it must have the foresight to relinquish its sole and total grasp on power, and let others be free to form whatever party they want.

The time to act is now, as, for the first time in modern history, the centre of radical politics is rapidly shifting from Europe to our countries. We must be ready.

Chairman, these are the views of many Tanzanians I had the chance to interview. Some of them are party members, others, like me, are not. But they all hope that the party review of the international and internal situation will produce positive results for the benefit of all Tanzanians.

A. M. Babu

Angola

* Regional Events Jeopardize UNITA's Future

34000473 London NEW AFRICAN in English Feb 90 pp 16-18—FOR OFFICIAL USE ONLY

[Report by James Hamill; first paragraph NEW AFRICAN comment]

[Text] Namibian independence is now in sight and the 'fallout' from that settlement is certain to make an impact on the conflict in neighbouring Angola. Above all, it will pose the most crucial questions for Dr Jonas Savimbi's UNITA [National Union for the Total Independence of Angola]. If he proves unable to salvage something from the current Mobutu-sponsored peace initiative, and opts for a continued military campaign, then he may fail.

The dangers presented to UNITA by a free and independent Namibia have long been recognised by Savimbi himself. However, the likely consequences 'on the ground' have rarely been mentioned. But things have changed and three developments can be expected to flow from the fact of Namibian independence and, taken collectively, they have the capacity to transform the Angolan balance of power.

First, a South African Defence Force (SADF) withdrawal from Namibia and, by definition, Angola would enable the Angolan army (FAPLA) to redeploy large numbers of troops against UNITA. For most of this decade these troops have either been bogged down resisting actual SADF thrusts in the south or have been in a permanent state of readiness for renewed cross-border assaults.

Secondly, the direct support of the SADF for UNITA would be removed. This would mean an end to the bases and logistical back-up which UNITA has enjoyed through Namibia. The last ten years have witnessed a massive South African military build-up in the Caprivi strip of northern Namibia enabling the SADF to project its power deep into neighbouring states. The dismantling of these facilities is viewed with alarm by hawkish elements in Pretoria who see it as inconsistent with South Africa's status as the regional superpower. For UNITA it will mean two things: the SADF will be unable either to conduct joint operations with the movement—such as the failed 1988 assault on Cuito Cunavale—or to mount full-scale rescue missions to save UNITA from defeat as it did in 1985 and 1987 at Mavinga in the south-east.

No Alternative to South Africa

Nor does UNITA seem to possess a ready alternative to South African assistance. Since 1986, an assortment of American weaponry has been channeled into UNITA through the Kamina air-base in Zaire. Yet Zaire operates under constraints which do not affect Pretoria: it is a black African state, it is subject to pressure from the front-line states and it maintains diplomatic relations with Angola. This has not destroyed the basic sympathy which Mobutu has for UNITA nor has it prevented supplies reaching the movement via Zaire. It does mean, however, that such assistance must be low-key, clandestine and 'deniable'. This inevitably reduces its scale and limits its effectiveness particularly compared to a South African operation which is both overt and sizeable.

Thirdly, Namibian independence will mean a SWAPO [South-West African People's Organization] government in Windhoek. Savimbi will then find his forces effectively 'sandwiched' between two implacable foes—SWAPO and the MPLA [Popular Movement for the Liberation of Angola].

SWAPO's hostility is guaranteed due to UNITA's past harassment of its independence struggle. This took two forms: armed clashes between the two movements as SWAPO sought to move southwards and UNITA's passing of information to the SADF on SWAPO movements in the south. Nor will SWAPO forget that it was Savimbi who told the WASHINGTON TIMES on 21 May 1984 that "it would be a tragic error for the South Africans to simply abandon Namibia to UN-supervised elections and just walk away from it leaving SWAPO in sole charge."

Bearing these points in mind, it is clear that Namibian independence will present UNITA with the severest problems. Savimbi appreciates this and all of his efforts to date have been geared to securing UNITA's position prior to such a deal. In this he has failed. This is not to suggest that UNITA's collapse would be immediate. A number of factors are likely to ensure the movement's short term survival: access to arms caches and the massive South African injections of weaponry prior to the Namibian pull-out. In the long-term, however, over a period of two to three years, UNITA's military profile could be expected to decline and it would return to the irritant it represented between 1976 and 1980 as opposed to the potent challenge it offered from 1980 onwards.

The key issue is how far this bleak prognosis will affect UNITA's internal cohesion. Will it contribute to a shift of opinion within UNITA regarding the merits of the agreements reached at Gbadolite and Harare? It will be recalled that these provided for an amnesty for UNITA members and subsequent integration into the government and MPLA party. Not surprisingly, Savimbi rejects this for he will be the principal casualty of any such deal as it provides for his exile. It may, however, attract the interest of other elements in UNITA who see compromise along these lines as preferable to slowly withering on the vine.

Dissent Suppressed

Previously, dissent within UNITA has been brutally suppressed as illustrated by the 'disappearance' of former leaders and the revelations of dissidents such as Sousa Jamba. Yet as we move into a new era, and UNITA moves onto increasingly perilous terrain, it is at least conceivable that new tensions and cracks will emerge within the movement.

Perilous Future

For most of the 1980s, when Namibian independence was a remote possibility, such thinking was too far-fetched to merit serious discussion. Now, with that independence almost upon us, these questions are likely to force themselves onto the agenda in a very real way.

Guinea

* President Grants Amnesty for Political Crimes

90EF0306A Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 23 Feb 90 p 538 —FOR OFFICIAL USE ONLY

[Unattributed Article: "General Amnesty"]

[Text] A decree published 16 February states that on 16 February the Guinean president, Lansana Conte, was granting a general amnesty to all Guineans, at home as well as abroad, who were convicted of political crimes. Furthermore, he ordered the restitution of property seized from persons involved in the attempted coup d'etat of 4 July 1985.

This general amnesty essentially concerns the persons who were implicated in this failed coup d'etat, which was headed by Diarra Traore, former prime minister who died a few hours after the putsch; several of his friends; as well as some former companions of President Sekou Toure, the exact number of whom is unknown.

Those benefiting from the measures had for the most part been sentenced in May 1987, during a trial whose place has never been announced. According to the verdict made public, 17 civilians, including seven former ministers and 20 soldiers, had been condemned to death and their property confiscated. According to official sources, most of them had died in prison before the trial. Furthermore, 12 civilian personalities and nine soldiers and policemen had been condemned to death in absentia, with confiscation of property, while 10 civilians and 36 soldiers and policemen were sentenced to hard labor for life, with confiscation of property.

Nigeria

* Babangida Said To Be Asserting More Authority

34000478A London NEW AFRICAN in English Feb 90 pp 9-12—FOR OFFICIAL USE ONLY

[Article by Pini Jason: "Babangida Rules, OK?"; first paragraph is introductory paragraph]

[Text] General Ibrahim Babangida has astonished Nigerians with his New Year purge by sacking, or reshuffling most of his closest colleagues. His military friends who brought him to power have suffered alongside cabinet ministers and police chiefs. Never before has Babangida asserted his personal authority so completely, nor raised so many questions about the future of Nigeria, writes *Pini Jason*.

In the most far-reaching purge, announced by the Chief of General Staff, Vice-Admiral Augustus Aikhomu, on 29 December 1989, General Babangida removed the Minister of Defence and Chairman, Joint Chiefs of Staff, Lt-Gen Domkat Y. Bali from a position that made him the number three man in the ruling hierarchy, and reassigned him to the Ministry of Internal Affairs. The Chief of Naval Staff, Vice-Admiral Patrick Koshoni, Chief of Air Staff, Air Marshall Ibrahim Alfa, and the Inspector General of Police, Alhaji Mohammaed Gambo, were all booted out and dumped in newly created obscure posts within the presidency. The only service chief who escaped Babangida's scalpel is Lt-Gen Sanni Abacha, the Chief of Army Staff, who now combines his duties with that of the Chairman, Joint Chiefs of Staff.

Babangida also carried his surgical operation to the Armed Forces Ruling Council, AFRC, the nation's highest ruling body. Maj-Gen Joshua Dogonyaro, who announced the 27 August 1985 coup that brought Babangida to power, and a well-known Babangida associate, lost his command of the Ibadan-based Second Mechanised Infantry Division and apparently his seat in the AFRC, to Maj-Gen Aliyu Mohammed, the former Coordinator of National Security. Another Babangida confidant, he spear-headed the overthrow of Shehu Shagari and was a former Director-General of the Nigerian Security Organisation (NSO), under Maj-Gen Buhari.

Another General Officer Commanding (GOC), and member of AFRC who lost out was Maj-Gen Sani Sammi, who was replaced as GOC First Mechanised Infantry Division in Kaduna by Maj-Gen Ike O. S. Nwachukwu, former Minister of External Affairs. Air Vice-Marshal Anthony Okpere, another Babangida associate and one time Managing Director of Nigeria Airways and Aviation Minister, took over the Tactical Air Command, Makurdi, and his AFRC seat, from Air Vice-Marshal Clement Ugah. Rear-Admiral Elegbede, former Director of Naval Intelligence, took over the Western Naval Command from Rear-Admiral Nyako who got elevated to Chief of Naval Staff.

Lucky Lukman

Down the line, the Council of Ministers were also thoroughly reshuffled. The eight-term OPEC President and Minister of Petroleum Resources, Dr Rilwanu Lukman moved over to External Affairs to replace Maj-Gen Nwachukwu. With his high visibility acquired under OPEC, Lukman was an obvious choice. It was he who had snuggled Nigeria into the Organisation of Islamic Conference (OIC) in 1985. As a result of the religious controversy it generated Nigeria, whose Foreign Ministers since then have been Christians, has not attended (OIC) meetings. With Lukman now as Foreign Minister, the expectation is that Nigeria might start attending (OIC) meetings.

Chief Olu Falae, hitherto the Secretary to the Military Government, who has monopolised Babangida's counsels over economic policy matters, took over the Ministry of Finance and Economic Development from Dr Chu Okongwu. Dr Okongwu, who has seen most of his functions usurped by Alhaji Abubakar Alhaji (Triple A)

and Olu Falae, was banished to an inconsequential new Ministry called Cabinet Affairs, a post observers see as no more than that of the Head of Service, abolished under the Civil Service Reform. In a workshop for Ministers last November, the participants called for the restoration of the post.

Alhaji Abubakar Alhaji, the ebullient survivor of many governments, had his position improved with the elevation of Budget and Planning as a full-fledged ministry. The controversial Minister of Education, Professor Jubril Aminu moved over to Petroleum, a ministry that is currently engulfed in controversy over appointments into the management of Nigeria's Liquified Natural Gas. If Aminu carries over his much criticised anti-southern policies to the Petroleum Ministry, there are bound to be further storms ahead.

In addition to the up-graded Ministry of Budget and Planning, two other new Ministries were carved out. The Ministry of Agriculture and Water Resources lost its department of Rural Development to the Directorate of Food, Roads and Rural Infrastructure (DFRRI). A new Ministry of Culture and Social Welfare was carved out of the Ministry of Information and is headed by the former Minister of State in the External Affairs Ministry, Mamman Anka.

Marching Orders

Five Military Governors also got their marching orders. They are Lt-Col Abdul One Mohammed of Borno State, replaced by Col M. I. Maina, Wing Commander Isa Mohammed of Gongola State replaced by Group Captain Salihu, and Col Lawrence Onoja of Katsina State who gave way to Lt-Col John Madaki, former Commander of Brigade of Guards. Lt-Col E. K. Atta replaced by naval Captain Ibim Princewill at Cross Rivers State while Col A. J. Kazir took over Kwara State from Group Captain Ibrahim Alkali who had the singular honour of taking a second wife a few months after his appointment as Governor.

One man came out of the whole reorganisation stronger and more powerful. He is General Ibrahim Badamosi Babangida. He took over the Defence Ministry and the important intelligence and security agencies—State Security Service (SSS) and National Intelligence Agency (NIA), now report directly to him. With several other government bodies already attached to the presidency over the years, Babangida has finally emerged the most powerful ruler Nigeria has ever had.

Some of those affected by the changes had long been expected to be removed. The Inspector-General of Police, Gambo has increasingly lost ground and public confidence. (No police officer has been appointed a military governor since Babangida came to power.)

The police have been overwhelmed by a rising wave of crime, prompting the AFRC to form a task force on internal security. This was followed by a decision to set up what the public regards as an unnecessary parallel force for internal security and anti-riot activities. When last December, Gambo vehemently opposed the abrogation of a colonial law that made "wandering" a criminal offence, the public called for his resignation. It was no surprise therefore that he was removed together with his five Deputy Inspectors-General.

But the change that most shook the country is the demotion of Lt-Gen Bali from the number three spot to ordinary Minister of Internal Affairs. Bali, the respected, oldest serving general, a father-figure who has given the military a much needed credibility, is well-known for his outspokenness and blunt views. He once berated the affluent lifestyle of serving military men. While Babangida spoke frequently about his human rights policy, Bali often told Nigerians not to be deceived; that there was no such thing as human rights under a military dictatorship. Often, the wanton abuse of human rights has proved Bali right.

The dumping of Bali is reminiscent of the dumping of Babangida's former number two man, Commodore Ebitu Ukiwe, the first Chief of General Staff. Ukiwe was then offered a ministerial post which he considered demeaning, so he voluntarily retired. People suspect that to conceal the cracks within the military rank, Bali is going to a Ministry stripped of the supervision of SSS and NIA. Bali's first reaction was to hint that he might retire earlier than the December 1990 date he originally set for himself. The former Minister of Internal Affairs, Col John Shagaya, a leading operator in the coup that brought Babangida to power and one time member of the AFRC, is headed to the United States for a course.

Langtan Mafia Falls

With the exit of Shagaya, and the removal of Dogonyaro and Bali from the AFRC, analysts say the demolition of the "Langtan Mafia" of Col Shagaya, Maj-Gen Dogonyaro, Lt-Gen Bali, Maj-Gen Heremiah Useni and Maj-Gen Joseph Garba (rtd) is now final. Langtan is the local government in Plateau State where these powerful army officers come from. Useni has gone back to a purely military posting after various political appointments as governor and minister. Garba is the current President of the United Nations. And with the appointment of Professor Ibrahim Gambari as Nigeria's new permanent representative at the UN, the expectation is that Garba will be done with the UN at the end of his one-year UN presidency.

If, indeed, there is a crack within the military government, it was kept secret by the military which has come to increasingly perceive itself as a class pitched against the civilians. However, the dissolution of the AFRC on 6 February 1989 and the pruning down of its membership to 19 when it was reconstituted on 9 February 1989, was the first sign of Babangida's disenchantment with his colleagues.

Analysts say that Babangida has the knack of setting out on a mission only to jettison his colleagues as soon as he becomes sure-footed. They recall other close associates

with whom he set out in 1985 who have fallen by the wayside. Shagaya commanded the 1985 coup in Lagos. Col Yohanna Madaki who also played an important role was first fired as governor and later retired from the army.

Col Abubakar Umar who with Col Abdul Mummuni are said to have apprehended Maj-Gen Buhari during the last coup, was removed as governor and eased out to the United States, in mysterious circumstances. The only man who was close to Babangida on coup day 1985, and who still effectively called the shots on the last days of December's "coup" is Col Anthony Ukpo, the President's Principal Staff Officer. Ukpo curtly told reporters that the military officers who lost their posts will be redeployed after returning to the barracks. But shortly afterwards, he also was sent away on a nine-month course at the Nigerian Institute of Policy and Strategic Studies, Jos.

Babangida's Suspicions

One thing observers agree, is that Babangida does not know how to do is to let his lieutenants out of sight even when he does not need them. Thus, all the removed service chiefs were given some newly created nebulous posts with ill-defined roles. Former IG, Gambo was given the post of National Security Advisor. Observers wonder how much Babangida would rely on the security advice of an officer who did not enjoy his confidence as Inspector General. Former chief of Naval Staff, Vice-Admiral Koshoni, became the Chairman of the National Internal Security Reorganisation Committee, another superfluous post, considering that whatever security reorganisation there is, has been pre-empted by the transfer of NIA and SSS to the presidency.

Air Marshal Ibrahim Alfa, former Chief of Air Staff was given the post of co-ordinator of the transition programme, raising a question about his intended role vis-a-vis the National Electoral Commission (NEC), which oversees the transition. Alfa's loss of clout began when many Air Force officers were implicated in the abortive coup of December 1985 for which Maj-Gen Mamman Vatsa, a childhood friend and course mate of Babangida, was executed.

What has been raising considerable anxiety amongst political commentators since last December is the use to which Babangida is likely to put his newly acquired and unbounded power. Analysts say that he may need his stronger position to push through hash economic policies and the political transition programme. Or he may even use it to renege on 1992, as is widely speculated, with little military opposition.

* Transition to Civilian Rule Program Questioned

34000478B London NEW AFRICAN in English Feb 90 p 21—FOR OFFICIAL USE ONLY

[Article by Josiah Uguru: "Uncertainty Prevails"; first paragraph is introductory paragraph]

[Text] The programme towards civilian rule is as vague as ever, with few Nigerians knowing how the right kind of politicians can emerge and work their way through the two new parties. Will Babangida be able to impose his version of civilian government, or will he still have an excuse to perpetrate military rule? *Josiah Uguru* reports.

Despite the recent release of the much awaited manifestoes and constitutions of the two government sponsored parties by the Armed Forces Ruling Council (AFRC) the tempo of political activity has remained very lukewarm.

Politicians who were kicked into touch at the last minute by the President Ibrahim Babangida, when he dissolved all political associations at a stroke of the pen and imposed two government parties, are still licking their wounds and studying the situation circumspectly.

Although some of the politicians have declared for either of the two parties, the Social Democratic Party (SDP) and the National Republican Convention (NRC), the outlawing of "group declarations" by the government has removed much of the clout hitherto wielded by the politicians.

While it seems obvious that the government is determined to transfer power to a new political class, what is not clear to many of the politicians is who fits into the government's definition of "the newbreeds". The confusion is confounded by the fact that President Babangida's 7 October Abuja declaration execrated both the old politicians and the potential newbreeds, especially those who are wealthy.

The government has also consistently made it clear that it will not hand over power to those it describes as extremists, a term for the radical intellectuals. Some critics fear that such puritanical perception of the newbreed political class is possibly a ploy to create half-bred politicians whose incompetence would either justify a delay of the military handover, or the ousting of the civilian regime of the Third Republic.

President Babangida sought to allay such fears when he told reporters shortly after the AFRC deliberations on the manifestoes of the two parties: "I confirm that 1992 is our target. What I said on 7 October, still remains," he concedes that even though there are suggestions that the military should not hand over power, in 1992, "they have said so, Babangida has not said so".

Despite the government's determination to ensure a new political leadership rooted at the grassroot level and to neutralise the influence of money, ethnicity and religion in the new political dispensation, many believe that the influence of the old politicians cannot easily be played down.

According to one aspirant politician: "You just cannot make it without their blessing. I am talking from personal experience. You cannot decree the old politicians away. During the last local government elections, those who won the elections are those who had the blessings of

the political heavyweights. I learnt my lessons then that politics is a game of compromise, not idealisms."

Old Politicians

Many who think that the old politicians may still hold sway despite the odds, contend that most Nigerians, except the educated few, vote on the basis of personalities, not party programmes. This echoes the immortal words of the late Obafemi Awolowo who once retorted that nobody could ban him from politics because he could still campaign for candidates even from his bedroom!

The task before the government seems to be how to convince serious minded individuals to join the political race for the Third Republic. While the old politicians are biding their time, the serious minded newbreeds appear to be suspicious of Babangida's unpredictability.

Despite government's determination to stand in the way of the re-emergence of the old politicians, they are still very much around. This became apparent in the grand media hoax over the purported death of Nigeria's first president, Dr Nnamdi Azikiwe. Investigations have since shown the death hoax originated from old political associates of Zik who were jostling to reap his political legacy and his magical hold over the Igbos.

To check the political pranks of the old politicians the Chairman of the National Electoral Commission (NEC), whose commission now has the added job of nurturing the two official parties recently declared, "Every machinery will be put in place to check people who use social functions such as book launchings, marriage ceremonies, naming ceremonies, to meet politically."

Shortly after Nwosu's warning, a vertable political Who's Who descended on Benin ostensibly for the wedding ceremony of one of Chief Gabriel Igbinedion's children. But those who attended all believe that Chief Igbinedion is grooming his son, Lucky, for the governorship of Bendel State.

One area which continues to generate controversy is the new role of the NEC. Contrary to the decree setting it up as an electoral arbiter, the NEC has now been assigned the duty of launching the two new parties. The implication is that the NEC is now a highly politicised body, not an independent judge.

Much to the chagrin of observers, the NEC chairman, Professor Nwosu, a political scientist, now frequently goes on the television to defend the new political arrangements, a situation many see as quite incompatible with his office. In the words of political scientist, Dr Chuba Okadigbo, the "title of the electoral body is the National Electoral Commission, not the National Electoral Mobilisation Commission".

While some are calling for the dissolution of the present NEC after the formation of the two parties, President Babangida has declared that the AFRC took full responsibility for the decisions of the NEC, adding that the electoral body was still operating within the scope of the decree establishing it.

Elections Postponed

Local government elections are now scheduled for December 1990 and state elections for December 1991, otherwise the programme is vague.

Meanwhile, a course has been established for all aspiring politicians at the new Centre of Democratic Studies. Many think this will discourage the right sort of aspirants from taking up politics. The quality of those coming forward may not be up to standard. And 1992 may still be postponed.

* Nation's Tarnished International Image Examined

34000462B London WEST AFRICA in English 26 Feb-4 Mar 90 pp 307-308—FOR OFFICIAL USE ONLY

[Article by Maxwell Nwagboso: "The Tarnished Giant"]

[Text] "We have begun to strike a chord of better understanding and respectability," enthused General Ike Nwachukwu towards the end of last year, shortly before the end of his tenure as external affairs minister. For good measure the general, not known as a man of many words, added: "I am proud that Nigeria is back on the map".

The former minister had quite a few solid reasons to be happy. Even as he was speaking retired Gen Joe Garba, a former colleague in the Nigerian Army, was running the show at the UN General Assembly. Nwachukwu was also aware that come July 1990, Chief Emeka Anyaoku would become chief executive of the Commonwealth Secretariat. He had campaigned hard for Anyaoku. Another Nigerian, professor Adebayo Adedeji, was issuing the orders at the ECA [(UN) Economic Commission for Africa]. And, following the brain drain, many other Nigerian professors were imparting knowledge to students all around the world. Perhaps most importantly, thanks to Babangida's structural adjustment programme, the World Bank, IMF, Paris Club and London Club were beginning to sit up and listen to Lagos.

Yet, when the mirror is held up to Nigeria, regarded by some during the Second Republic as the world's fourth largest democracy, with one quarter of Africa's population, and certainly looked upon by all as Black Africa's richest and most powerful nation, the reflection is not always flattering. It was not too bad before independence in 1960. But it became markedly worse in the 1970s in the wake of the so-called oil boom. And matters were not helped very much by stories about suitcases containing stacks of notes in foreign currencies being left behind in

taxis in various world capitals - and things like that. Today, not many Nigerians like what they see through the looking glass.

The country got a particularly bad press last year. In February, it was reported that 21 Nigerians thought to have swallowed as much as three kg of heroin in a bid to pass undetected through Customs were being kept under observation in a hospital near the airport in Rome. Staff of Alitalia, the Italian airline, had become suspicious because the suspects refused food twice during the flight from Karachi to Lagos via Rome. X-rays later showed up capsules in their stomachs.

The same month, Pakistani Customs officials arrested two Nigerians at Karachi Airport after half a kilogramme of heroin was flushed from their intestines.

In May, a 60-year-old Nigerian resident in London was arrested over what would have been the biggest ever crude oil sales fraud. Dutch police, posing as potential buyers, had caught up with him at a hotel n Rotterdam, after a tip-off by the International Maritime Bureau in London. If they had not, an innocent American businessman would have been conned out of $22m.

In September, a major London bank posted at one of its branches, which is heavily used by tourists, a list containing the names of dodgy customers - 30 or so altogether. Under the letter 'N', the list simply read: "Nigerians - ALL".

In December, the Federation of International Football Associations (Fifa) imposed a two-year ban on Nigeria after finding it 'guilty' of fielding over-age players at Under-21 competitions. Fifa said Nigeria had committed the offence not once but as much as three times - in 1982, 1985 and 1987. As would be expected in a country with millions of football fans, Fifa's announcement caused no end of debate and righteous indignation. Vice-Admiral Augustus Aikhomu, second-in-command to President Babangida, described the move as "blackmail and an international conspiracy" and the government quickly set up a high-powered panel of inquiry. But social critic, Dr Tai Solarin, said: "Our offence is a national disgrace. It highlights a national malaise which has remained with us for a long time."

Since the Fifa imbroglio, Nigeria's 'image problem' has increasingly become a topic of discussion and reflection in and outside government circles. People are probably thinking: first, we abandoned petro-dollars in taxis everywhere in the world; next, with the advent of the oil glut, we began the search for 'narco-dollars'; and now we are cheating at sports.

Of the drug-trafficking problem (many of the world's prisons are said to contain a Nigerian suspect or suspects) Mr A.S. Ahmed, head of the narcotics section of the Nigerian Police Force and Interpol's local representative, was quoted recently as saying: "Most foreigners regard all Nigerians as potential drug pushers. As a matter of fact, all travellers from Nigeria are regarded at the points of entry as high risk travellers."

With more and more Nigerian men and women being subjected to humiliating body searches at airports around the world, and several being detained for further questioning, the federal government was forced to issue a statement in February last year. Released by the external affairs ministry, this said government was particularly concerned about the frequency with which Nigerians were being arrested for alleged drug offences, especially in Sweden, Denmark, Norway and Finland.

Scandinavia, though, is only a small part of the world. Arrests have been witnessed in other far-flung places as well. In July last year, for instance, eight Nigerians accused of drug smuggling were paraded before the heads of diplomatic missions in N'djamena, the Chadian capital. The incident caused a diplomatic row, with Nigeria lodging a strongly-worded protest with the Chadian authorities. The month before, a Nigeria Airways pilot was arrested in London for allegedly smuggling into Britain cocaine with a street value of $300,000. The drugs were said to have been concealed in his stomach - a method of conveyance which alleged traffickers favour, even though some hapless couriers are known to have died painful deaths when drugs packets came open in their guts. In 1987, Captain John Billy-Eko, another Nigeria Airways captain, was caught with heroin at New York's John F. Kennedy International Airport. Earlier the same year, a Nigeria Airways flight attendant was similarly arrested by US Customs for attempting to smuggle five pounds of heroin into America. In March 1988, it was reported that five Nigerians, including one woman, had been sentenced to death by decapitation after they were caught with hard drugs in Riyadh, Saudi Arabia. And in October the same year, a gang of criminals said to consist exclusively of Nigerians and described as dangerous and ruthless, was reported to be terrorising the black communities in London and causing officers of Scotland Yard sleepless nights. One detective said at the time: "Over the past few years, these Nigerians have become more active. What is worrying about them is how violent they can be. They have challenged the West Indian Yardies for the control of drug rackets in certain parts of London".

In recent years, the federal government has been advertising in the leading Western newspapers and magazines, in a bid to improve Nigeria's image abroad. The last such propaganda foray was in the July 3, 1989 edition of *Time* magazine. Indeed, it is said that Lagos currently pays a retainer to a New York-based public relations agency. And, more recently, the government has turned to the celluloid medium, paying for a documentary entitled *Nigeria in Transition* to made for worldwide distribution.

In all this, America seems to be getting priority. So it should, some will say, because it does appear that the American media is taking that much more notice of Nigeria's image crisis. Mainstream publications like the

Wall Street Journal and the *Washington Times* have all, it is said, managed to find space to print unflattering things about Nigeria. In Nigeria, however, the *Daily Times* has this month come up with an editorial which, many believe, encapsulates the complexities of the issue, beyond and above the superficial. In the comment, published on February 13, the paper said: "Something intangible but yet infinitely distinctive has, over these years, come to characterise the Nigerian both at home and abroad. This is what we choose to call the Nigerian spirit... We are adventurous: that is why we go to the uttermost parts of the earth in quest of fun or fortune... We are equally resilient: adversity is not known to bend our resolve... There is something despicable about that tiny minority that has been associated with the vile trade in narcotics...[But] our spirit should be a source of pride, something worth celebrating even in these hard times."

Information minister, Prince Tony Momoh, says the government is fully aware of the image problem, but stresses that Nigeria has done its fair share in plugging the drug pipeline. "In Nigeria," he declares, "the penalty for drug trafficking is life imprisonment. What is it in the US?"

In a magazine interview in Lagos, Prince Momoh was particularly displeased with the International Association of Credit Card Investigators (IACCI), an American-based group which is said to have alleged that up to 90 percent of the estimated 500,000 Nigerians in the US were indulging in anything from gun running and arranged marriages to tax fraud and forgery of cheques. Said the minister: "It is wrong to describe 90 percent as criminals. It is very unfortunate." Of the discriminatory body checks carried out on Nigerian travellers, he fumed: "It is not right to embarrass everybody. You have to find someone guilty first, you have to presume someone innocent until you find him guilty. But all Nigerians have been declared guilty because a few misbehaved. It is blackmail if a whole people are branded as criminals."

As a remedy, Prince Momoh recommends that foreign travel by Nigerians be cut down drastically. "Why go to a country where you are not welcome?" he argues. "What better place is there for vacations than the tropics? Yet we see Nigerians vacationing abroad even in winter!"

Unlike the US media, the British press is more subtle in its reaction. One top British journalist has reportedly suggested that the federal government pull out all the stops to encourage foreign media practitioners to visit Nigeria, see things for themselves and then file reports accordingly. Another British newspaperman was quoted as saying: "Nigeria's image is poor, in part, due to the inadequate explanation of the Nigerian situation. I don't think [those in charge] fully understand how the international media works".

* Budget Said To Emphasize SAP Objectives

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[Article by Pini Jason, in Lagos: "Businessmen Greet Budget With Caution"]

[Text] Against the backdrop of the far-reaching changes in President Ibrahim Babangida's government announced three days earlier, the 1990 budget speech elicited little excitement.

Except for the amnesty granted to some categories of prisoners, the budget contained no striking new measures. The reception among financial experts was understandably cautious. But one thing they conceded was that the 1990 budget, which had more monetary than fiscal measures, showed consistency and continuity with the objectives of the Structural Adjustment Plan [SAP], and placed emphasis on discipline.

The 1990 budget projects a modest GDP [gross domestic product] growth rate of 3 percent at 1984 constant factor cost. The agricultural and manufacturing sectors are expected to achieve growth rates of 4.1 percent and 5.9 percent respectively. But it is doubtful whether the manufacturing sector will achieve the target, considering the rate of inflation (47.5 percent in 1989), naira depreciation and the high cost of funds owing to high interest rates. These factors caused capacity utilisation to decline from 40.7 percent in 1988 to 31 percent in 1989.

Oil Production Levels

Budget calculations were based on an oil production level of 1.61m barrels per day, out of which 320,000 barrels per day will be for domestic consumption while 1.29m barrels per day will be exported. This will yield N38.63bn ($5bn) for the government. Moreover, N9.03bn is expected from non-oil sources, making a total of N47.66bn as federal collectable revenue.

From that aggregate, N45.43bn will be paid into the Federation account while N3.72bn is to be retained as Federal Government Independent Revenue. The Federal government share from the Federation Account will be N22.71bn and with the Independent Account, this will total N26.43bn in Federal government revenue. The states and local governments will get N13.63bn and N6.81bn respectively. The sum of N2.27bn is to be left in capital expenditure.

The Federal government's total expenditure outlay, largely influenced by developments in 1989 fiscal year, is N39.76bn ($5.14bn). This is made up of N27.21bn for recurrent and N12.56bn for capital expenditure.

The recurrent expenditure is itself made up of personnel costs, N5.11bn; overhead costs, N5.23bn; domestic loan interest payments, N5.11bn; and external loans interest repayments, N11.77bn.

The capital expenditure is made up of Treasury components of N7.4bn, expected external loans drawdown of N3.5bn and amortisation of N1.6bn.

The total foreign exchange receipts in 1990 are forcast at $7.78bn, made up of $6.67bn in official receipts and $1.11bn for the private sector. The oil sector is expected to account for $5.79bn, while the non-oil sector and external loans will contribute almost $2bn.

The projected $6.67bn in official receipts is to be spent in the following manner. Foreign exchange for domestic use (IFEM) $4.26bn; domestic debt servicing $2.11bn and accretion to reserve $300m.

President Babangida promised to pursue debt renegotiation vigorously to keep down the debt service ratio. As a result of the successful reschedulings undertaken in 1988 and 1989, Nigeria spent $2bn for external debt servicing in 1989. The President said that the $2.11bn earmarked for 1990, although still high, is the best Nigeria could get after tedious negotiations. Babangida asked the creditors to understand that much as Nigeria is not going to repudiate her debt obligations, Nigeria will not at the same time live for the creditors.

Deficit

One source of concern in the 1990 budget is the huge deficit of about N14bn ($1.81bn). This is about 17 percent of GDP, compared to 8 percent in 1989. The 1989 budget estimated a deficit of N9.6bn, but owing to improvements in oil revenue, the actual deficit shrank to N2.9bn. Experts say the N14bn deficit will make the fight against inflation more difficult. Chief Ernest Shonekan, Chairman of UAC [African Chemical Union] Nigeria, had warned before the budget that the deficit should not be allowed to be more than 3 percent of GDP.

Another feature of the 1990 budget which has provoked angry reaction from the public is the further reduction of the subsidies on various petroleum products. The subsidy on gas which was 72 percent in 1989 was pruned to 45 percent in 1990. Petrol will in 1990 drop 1 percent from its 1989 level of a 69 percent subsidy. Kerosene, which was subsidised up to 91 percent in 1989, will be subsidised to only 77 percent in 1990, while the subsidy on diesel oil will fall to 70 percent from 78 percent in 1989. Fuel oil subsidies will drop from 80 percent to 74 percent.

In the case of fertilisers the NPK variety will fall to 78.8 percent from a subsidy level of 88 percent in 1989. Urea will drop to 53.8 percent from 75 percent, while the subsidy on the SSP type is fixed at 76.2 percent in 1990 as against 87 percent in 1989.

The savings from the removal of subsidies is expected to fetch N503m. However, the government will use N453m of this to pursue its structural injection of funds to the grassroots. The N453m will be used in establishing community banks and in strengthening the People's Bank. The People's Bank will now be established in all the states of the Federation.

Running Battle

The government has been conducting a running battle with the banks over high interest rates on borrowings and low interest rates on deposits. Although the banks recently embarked on paying high interest rates, as high as 17 percent on savings and 22 percent on time deposits, the government thinks the move came too late. President Babangida in his budget speech ordered that with immediate effect banks are to pay interest on current accounts.

The 1990 budget is the first under the newly introduced Rolling Plan of 1990-92, which replaced the 5-year development plan strategy. The Rolling Plan, which received praise from industry barons, seeks to address the pressing problems of exchange rate instability, strong inflationary pressures, inadequate gainful employment, sluggish performance of key production sectors and inter-governmental fiscal imbalances.

The second major thrust is the maintenance of infrastructural facilities in both urban and rural areas. The third policy thrust is to reduce the pains of structural adjustment for the vulnerable social groups.

The overall plan size for the three-year Rolling Plan period is N142bn consisting of N92bn or 65 percent for the public sector and N50bn or 35 percent for the private sector. Policy analysts, however, expect that in pursuit of the privatisation and commercialisation policy, the government will continue to alter the ratio of economic involvement away from the public sector in favour of the private sector.

* Moves To Exploit Gas Resources Under Way

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[Article by Jato Thompson, in Lagos: "Nigeria Moves To Exploit Gas Resources"]

[Text] These are difficult times for Nigerian oil, with prices for the black gold falling from a high of $40 per barrel in 1980 to the present low of about $16 per barrel. Worried Nigerian governments have for many years now been searching for a viable alternative to oil, and the need is now more critical than ever.

There is now also the additional worry that the 1990s may witness an upsurge in new energy sources. Although there is little doubt that oil will remain a major source of energy, officials are worried that the emergence of new alternatives may ensure that oil prices remain very low.

One source of energy expected to move gradually to centre stage in the 1990s and beyond is natural gas. Encouraged by this positive outlook, the government has moved fast to set in motion the necessary machinery to ensure the quick exploitation of Nigeria's abundant gas reserves, put at about 300 trillion cubic metres. In this

regard, the government has incorporated the Nigeria Liquefied Natural Gas Company (NLNG), a subsidiary of the giant conglomerate, Nigerian National Petroleum Corporation (NNPC).

The NLNG is a joint venture between the government represented by the NNPC and a group of international oil companies. The companies are Shell, which holds 20 percent equity, Elf and Agip (10 percent each). The NNPC has the controlling stake of 60 percent.

The company plans to build a liquefaction plant at a cost of $2.5bn.

In November 1989 NLNG signed a contract with two firms, Technip of France and M. W. Kellogg of the US, for the plant's project specification. The job will cost $13m. Within one year, the two companies are expected to produce comprehensive information on the scope of the plant to be built.

They will also come out with the basis on which the main contractors for the gas plant are to prepare detailed proposals for the engineering and construction works. Also, they are to supervise the activities and performance of the main contractors when the project gets into the implementation stage.

Officials explained that all aspects of this preliminary work would be carried out in France, whose liquefaction process, Tealarc, has been selected for adaptation to the Nigerian situation. The French firm Technip will handle 80 percent of the project specification, while M. W. Kellogg will handle 20 percent.

Buyers Sought

Prior to the signing of the project specification contract, six NLNG officials have sought out prospective buyers for the gas in Europe and the US. On their return, the company chairman, Gamaliel Onosode, stated that "the trip was favourable".

The extent of his optimism became obvious when in December 1989, the company convened a conference of prospective buyers in Lagos. In attendance were representatives of all the prospective buyers with whom NLNG has been negotiating.

Among them were Gaz de France, Enagas of Spain, Thyssengas of West Germany, Cabot and Cove Point of the US, and Snamprogetti of Italy. The conference lasted three days, at the end of which the team went on a tour of the liquefaction plant site in Finima, Rivers State.

They were reassured by then Petroleum Minister Rilwanu Lukman of the government's "irrevocable commitment" to the gas project, and that the government was determined to start exporting gas by 1995, while the liquefaction plant should be completed by 1994.

To underscore the government's commitment to the project, Lukman announced some fiscal incentives and protection which the NLNG company has been getting.

These include tax exemption for ten years and duty free imports of materials for the liquefaction plant. Also, what he called a "specific finance team" made up of representatives of the shareholders has been set up. Their task is "to secure the necessary finance for the execution of the project from 1991".

When the plant is completed, it is expected to export an initial quantity of 4.5m cubic metres of gas per day. Out of this, 3.3m cubic metres will be delivered to the European market, while the remainder will go to the US.

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